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Letter dated 18 June 2008 from the Permanent Representative of Finland to the United Nations addressed to the President of the Economic and Social Council

I have the honour to transmit herewith the national report of Finland on the implementation of the internationally agreed goals and commitments in regard to sustainable development for the annual ministerial review to be held during the high-level segment of the 2008 substantive session of the Economic and Social Council (see annex).

I would be very grateful if you could circulate the present letter and its annex as a document of the Economic and Social Council, under item 2 (c) of the provisional agenda.

(*Signed*) Kirsti **Lintonen**
Permanent Representative

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Annex to the letter dated 18 June 2008 from the Permanent Representative of Finland to the United Nations addressed to the President of the Economic and Social Council

Voluntary national report of Finland

Summary

Development policy forms an integral part of Finland's foreign and security policy. It is planned, formulated and implemented by the Ministry for Foreign Affairs in close cooperation with other ministries, non-governmental organisations (NGOs), the private sector, and Finnish society as a whole. In October 2007, the Government of Finland adopted a new Development Policy Programme, which is based on a comprehensive approach to development and covers all policy sectors related to development. In line with the Millennium Development Goals (MDGs), the primary aim of Finland's development policy is the eradication of poverty. This can only be achieved by means of promoting sustainable development. International development cooperation serves as the main instrument for implementing the Government's policy.

Finnish development policy is based on the principles of sustainable development and its three interrelated dimensions: economic, social, and ecological sustainability. This approach builds on the United Nations Conference on Environment and Development in Rio 1992 and subsequent international commitments. Accordingly, Finland promotes economically, socially, and ecologically sustainable development, with a special emphasis on issues related to climate and environment.

The MDGs, with their strong focus on social development and human well-being, are at the heart of Finnish development policy. At the same time, Finland emphasises the need to see beyond the MDGs and address also all development challenges that arise from partners' development strategies or from other global development agendas. Some of these challenges, such as climate change, food security and environmental sustainability, are issues of global survival.

In recent years, climate change and other threats to the environment have forced the world to look deeper into sustainability. Progress in the industrialised countries has so far been guided by a desire to obtain rapid material growth. However, this has also led to the depletion of non-renewable resources and acceleration of their ecologically unsustainable exploitation, climate change, loss of biodiversity and environmental damage. This undermines the very foundation of sustainable development. Even though technological advances help the economy to adapt to the realities of nature, also profound changes are needed in the patterns of production, consumption, and living, which are now spreading all over the world. Development policy is ultimately a question of the values people rely on. Shortage of natural resources and environmental degradation give rise to conflicts and complicate their resolution.

When promoting sustainable development, it is important to recognise that both developing and industrialised countries share the same long-term agenda. Sustainable development in all its three dimensions is needed in order to ensure that the international development goals are achieved. Finnish development policy promotes the approach of humanity policy where development challenges are tackled from a truly global perspective.

Finnish development policy is implemented bilaterally, at the European Union (EU) level, multilaterally, and in cooperation with NGOs. The development goals and guidelines adopted by the United Nations and the EU provide the principal framework for the

implementation of Finland's development cooperation. In order to enhance the effectiveness of development assistance, Finland supports joint programming both in the EU and in the wider donor community. The Government of Finland considers the United Nations system the principal actor in international development policy and, to this effect, all efforts are made to strengthen its position.

The EU also plays an essential role in Finland's development policy. It provides the key framework for our influence on global policy setting; in 2005, the EU jointly adopted a development policy statement, the European Consensus on Development. In the EU, Finland is better able to influence the global development agenda. The primary and overarching objective of EU development cooperation is eradication of poverty in the context of sustainable development, including pursuit of the other MDGs. Together, the EU provides more than half of the world's official development assistance (ODA) and is also the most important development cooperation and trading partner for developing countries. Through Community assistance, Finland participates in poverty reduction and sustainable development also in areas where we do not have bilateral development programmes.

In 2007, Finland's development assistance reached €711 million, which represents approximately 0.40% of Finland's gross national income (GNI). In accordance with an EU Council decision of 2005, the Government is committed to reaching the level of 0.51% of ODA/GNI by 2010 and, ultimately, the United Nations target of 0.7% by 2015. In order to ensure that Finnish assistance is of good quality, the volume of aid will be increased gradually and predictably.

Traditionally, the majority of Finland's development assistance has been channelled through bilateral programmes. The rest has been channelled through multilateral organisations and the EU. In 2007, bilateral cooperation accounted for close to 60% of Finland's aid flows. One third of the funds — an increasing share — were allocated to Least Developed Countries (LDCs). Finland's support to sub-Saharan Africa has also increased, amounting to 30% of all development cooperation in 2007.

Finnish development policy strongly focuses on identifying those themes and sectors where Finland can have the strongest impact on global development. The same principle is also included in the EU code of conduct on complementarity and division of labour. In bilateral cooperation, Finland strives to concentrate on fields where it has cutting-edge expertise, such as forest and water management as well as renewable energy, which are all directly linked with the indicators of MDG7. As an example, Finland is increasing its financing in sustainable forestry, which is often perceived as one of the orphan sectors in development cooperation. We see it as our global responsibility to share our long, extensive and successful experience in global forest policy and development.

Developing countries' national Poverty Reduction Strategy Papers (PRSPs) steer the allocation of development cooperation funding. Finland, its partner countries, and other donors are participating in the further development of PRSPs to ensure that their implementation is ecologically, economically, and socially sustainable. All development cooperation is built on the principle of partnership between developed and developing countries. Conventional "development aid" has been replaced by real partnerships with an emphasis on developing countries' ownership of their own development.

At the national level, Finland has established a high-profile multistakeholder commission for sustainable development and systematic policy work to promote all dimensions of sustainability. The commission has been fundamental in ensuring a comprehensive approach to sustainable development. The success of the Finnish sustainability agenda is largely based on the multistakeholder approach, taken both at the national and the international levels. The national commission consists of various interest

groups and civil society organisations. This same approach has been applied in international forums as well. For example, in the run-up to United Nations summits, NGOs are actively involved and they also participate in the official Finnish delegations.

As a response to MDG8 concerning the creation of global partnerships and according to the Monterrey Consensus on development financing, Finland's Development Policy Programme highlights the concept of comprehensive financing for development, including partnerships for development. It also emphasises the need to mobilise the private sector and various institutional players to promote sustainable development in developing countries. Partnerships between the public and private sectors and the promotion of trade are seen as key strategic means that contribute to economic development and poverty reduction on a sustainable basis. To support the implementation of the new development policy, a cluster approach has been adopted. It refers to the involvement of universities, research institutions, companies, and NGOs working together in the development and implementation of innovative approaches to development cooperation and sustainable development.

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PART A: IMPLEMENTATION OF THE NATIONAL DEVELOPMENT POLICY

1. Key features of Finnish development policy

Development policy is an integral part of Finland's foreign and security policy. In October 2007, the Government of Finland adopted a new Development Policy Programme which is based on a comprehensive approach to development. Finland's primary development objective is poverty eradication as stated in the Millennium Development Goals. It can only be achieved through economically, socially and ecologically sustainable development. International development cooperation serves as the main instrument for implementing the Government's policy.

The new millennium has witnessed a shift from traditional development cooperation to a comprehensive approach to development. It is now recognised that changes are needed in all policy sectors that have an impact on developing countries. Bilateral and multilateral development cooperation is built on the principle of partnerships between developed and developing countries. Conventional 'development aid' has given way to real partnerships with an emphasis on developing countries' ownership of their own development.

Finnish development policy is implemented bilaterally with countries and regions, at the EU level, multilaterally, and in cooperation with various stakeholders like NGOs and the private sector. The development goals and guidelines adopted by the European Union and the United Nations provide the principal framework for the implementation of Finland's development cooperation. Working in the EU is one of the main channels of influence on the global development agenda. The United Nations system is considered to be the leading actor in international development policy and all efforts are made to enhance its position. In the UN we operate both independently and together with other EU Member States.

Finland's development policy is founded on the principles of sustainable development. This builds on the United Nations Conference on Environment and Development in Rio 1992 and subsequent international commitments to enhance sustainability in all its dimensions. Finland promotes economically, socially and ecologically sustainable development. Particular attention is to on issues related to climate and environment, peacebuilding and conflict prevention. Economic development, based on inclusive growth and stable social conditions, is a precondition of poverty reduction. Peace and security, democratic and transparent governance, respect for human rights as well as education and health are all fundamental elements of sustainable development.

In development cooperation, a greater amount of financing will be allocated to the promotion of environmental issues. Special attention will be given to sustainable use of natural resources, such as forests, and to agriculture and rural development, water and sanitation as well as energy. Furthermore, regional integration and capacity-building for trade and information technology feature high in Finland's development cooperation.

In all Finnish development policy, the following three cross-cutting themes are mainstreamed:

- promotion of the rights and status of women and girls, and promotion of gender and social equality;
- promotion of the rights of groups that may become easily excluded, particularly children, people with disabilities, indigenous people and ethnic minorities, and the promotion of equal opportunities for participation;
- combat against HIV/AIDS as a health and social problem.

1.1 Official development assistance

Finland will reach 0.51% of ODA/GNI-level by 2010 and, ultimately, the UN target of 0.7% by 2015. This commitment was first made in the European Council decision in 2005 and renewed in the 2007 Development Policy Programme. In order to ensure that Finnish assistance is of high quality and predictable, the aid volume will be increased gradually.

Since the mid-1990s, there has been a steady increase in Finland's aid flows. In 2007[1], Finland's ODA disbursements reached € 711 million, which represents approximately 0.40% of Finland's GNI.

In recent years, Finland's development assistance has been mainly channelled through bilateral programmes. A minor but important share has been channelled through multilateral organisations and the EU. In 2007, bilateral cooperation accounted for close to 60% of Finland's aid flows. One third of the funds — an increasing share — were allocated to Least Developed Countries (LDCs). Finland's support to sub-Saharan Africa has also increased, amounting to 30% of all development cooperation in 2007.

1.2 Main channels of policy influence and cooperation

Bilateral cooperation

Finland's main long-term development cooperation partner countries are Ethiopia, Kenya, Mozambique, Tanzania, Zambia, Nepal, Vietnam and Nicaragua. Finland has further focused aid on three priority sectors[2]

[1] Data for 2007 is based on OECD/Development Assistance Committee preliminary statistics.

[2] Additionally general budget support and NGO support may be provided.

in each country. Between 2000 and 2005, over three-quarters of our total aid (excluding debt relief and humanitarian aid) was allocated to these priority sectors in five of the eight countries. In two of the other three countries, the priority sectors received over half of the total aid. The focal sectors in long-term partner countries are

Partner country	Priority sectors
Ethiopia	education and water/natural resources
Kenya	good governance, forestry and energy sector
Tanzania	good governance, education, forestry & environment sector
Mozambique	education, agriculture & rural development and health
Zambia	agriculture & rural development, environment/natural resources and private sector
Nepal	crisis management, education and environment/water
Vietnam	agriculture & rural development, water and forestry
Nicaragua	rural development/natural resources, health and local governance

In Mozambique, Tanzania, Zambia and Nicaragua, general budgetary support is provided.

Box 1. Finland's cooperation with Tanzania

Tanzania and Finland have had development cooperation for decades. Finland supports the implementation of Tanzania's national growth and poverty reduction strategy through general budget support, basket funding and bilateral projects. At present, the key areas of cooperation are forestry, regional policy and local government and good governance.

In the forestry sector, Finland supports the implementation of the National Forest Programme, with a special emphasis on sector governance and forest resource inventory. Regional policy and local government support is channelled through nationally coordinated programmes called the 'Local Government Reform Programme' and the 'Local Government Capital Development Grant System'. Local democratic governance has improved in recent years with the help of these programmes, but regional equity and local services need to be improved. Finland is currently holding the co-lead of the Local Government Development Partners' Group and plays a key role in policy discussions regarding decentralisation. Finland's bilateral projects in Tanzania are few in number and they fit closely with the thematic focal areas. Good governance is promoted through all of the interventions and in particular through support to Tanzanian civil society. Collaboration of Finnish NGOs and institutions (such as municipalities, universities) with their Tanzanian counterparts is an important element of our cooperation, helping to strengthen national capacities and domestic accountability.

During the past ten years, development cooperation in Tanzania has changed dramatically as geographically and thematically dispersed projects have given way to programme-based approaches and stronger sectoral focus. At the same time, the total value of the Tanzania programme has increased, reaching 34 million euro in 2008. Harmonisation and division of labour between development partners has strongly guided this change. Finland increasingly concentrates on areas where we can best add value in comparison with other partners.

Programme-based approaches, particularly general budget support, focus on strengthening the national systems. Tanzania has been committed to reforms and has shown steady progress over the past years. Recently, major corruption scandals have been revealed in Tanzania. Strong corrective measures are now expected of the Government in order to maintain momentum for effective collaboration also in the future.

European Union

The European Union plays an essential role in Finland's development policy. It provides the main framework for our influence on global policy setting. The EU provides some 60% of global official development assistance and the share is increasing. It is also the most important trading partner for developing countries. The joint EU development policy principles were established in the Development Policy Statement: *the European Consensus on Development* (2005). The values and principles of the statement are shared by all EU Member States including Finland. The primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including pursuit of the MDGs.

Finland has been active in the formulation of joint EU positions. The Finnish EU Presidency in 2006 provided a good opportunity for influencing the global agenda through the Union. The primary themes during the Presidency were operationalisation of the EU commitments by finalising the financing instruments on development cooperation, human rights and democracy, promoting policy coherence for development in both policy planning and EU's operational work. Also aid effectiveness, in particular complementarity and division of labour, were paid specific attention.

Financing of development cooperation by the European Commission is a fundamental part of our development cooperation. Its share is 20% of the Finnish ODA. Through community aid Finland participates directly to poverty reduction and sustainable development also in countries and regions where we do not have bilateral programmes. Financing of EC activities rather than proliferation of the Member States' bilateral aid activities also promotes harmonisation and aid effectiveness.

Multilateral institutions

Currently Finland allocates most of its funding for UN organisations via four key actors: the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP). This funding is based mainly on multi-year core funding. Thematic funding to UN organisations is targeted e.g. at strengthening developing countries' economic capacity and ability to negotiate and implement trade agreements, enhancing gender equality and at combating global threats to human health. Funding focuses on programmes and projects that promote ecologically sustainable development.

Box 2. Finland's cooperation with UNFPA on adolescent and youth issues

Since 2001 Finland has partnered with UNFPA's Technical Support Division to strengthen the Fund's technical capacity on adolescent sexual and reproductive health (SRH) programming. In the programme, SRH services are part of a wider strategy including life skills, education and human rights. The programme responds to several priorities of the Finnish Government's development policy: gender equality and empowerment of girls, promoting health, especially sexual and reproductive health and rights, and maternal health, combating HIV/AIDS and contributing to sustainable population development. Finland's thematic contribution (one million euro annually during the past seven years) has been earmarked specifically for adolescent and youth programmes to complement core resources.

This funding has enabled UNFPA to develop a strategic approach to its activities in the youth sector; in 2006, UNFPA launched a Framework of Action on Adolescents and Youth, a new corporate strategy on how to focus on young people in the work of the organisation. With Finnish financial support, UNFPA has been able to position itself as the leader of adolescent and youth issues in the UN framework. Finland's long-standing experience of support to the Adolescent and Youth Programme shows that thematic support which gives room for the organisation's own innovations instead of micro-management by the donor, can be an effective concept in promoting development.

The Government's development policy further underlines the importance of international financing institutions. Finland is actively involved in decision-making at both headquarter and field levels. Financing of international financing institutions (IFI) is to a large extent provided as untied core funding for concessional lending windows of the banks (International Development Association, African Development Fund and Asian Development Fund). More clearly targeted thematic cooperation with the IFIs focuses on the key themes of Finnish development policy such as environment, natural resources and climate, and to good governance and human rights. In various international institutions Finland has supported reforms that enable the poorest developing countries to better exert an influence on the institutions' decision-making.

Finland gives priority to the reform of the UN and the creation of a comprehensive international development architecture. The links and continuum between the various elements of wider security, humanitarian assistance and other forms of development cooperation are being strengthened. Finland supports peace processes and peacebuilding, for example, by funding rule of law work by the UN and the activities of the Peacebuilding Commission and Fund. As part of the efforts to improve the UN's capacity to deal with environmental issues, Finland supports the strengthening of the United Nations Environment Programme, with the aim of transforming UNEP to the United Nations Environmental Organisation (UNEO).

Ensuring more efficient UN operations in the humanitarian, development and environment areas is a crucial part of the organisation's reform process. Finland supports the harmonisation and streamlining of the UN system e.g. through the Economic and Social Council (ECOSOC), the 'One UN' principle, the triennial comprehensive policy reviews, and in the executive boards of operative agencies, both at the headquarters and in the field.

2. Progress made in the implementation of the MDGs and other internationally agreed development goals

Finland is committed to supporting the implementation of the UN Millennium Declaration and the achievement of the MDGs in all development policy and development cooperation. This commitment has guided Finland's development assistance through multilateral, EU and bilateral channels, and Finland has systematically stressed the need to give priority to the MDG agenda, including the need to increase support to Africa and the LDCs.

MDG monitoring at the global level has been carried out primarily in cooperation with the international community under the leadership of the UN. The UN country reports as well as the annual Global Monitoring Reports of the World Bank have been used as the main sources of data. In the long-term partner countries, Finland follows the progress closely through local MDG reporting.

Special attention is paid to the two key issues in the Finnish development policy: poverty reduction and sustainable development. In poverty reduction, progress has been reported globally as well as in Finland's main partner countries. According to current estimates, this goal can be reached at the global level, but a number of countries are falling behind. Poverty has diminished especially in those countries which have been able to create sustainable economic growth. Of Finland's long-term partner countries, Vietnam has been able to achieve particularly good development while our other partner countries have made progress albeit with slower pace.

For sustainable development, and ecological sustainability in particular, fewer indicators are available. Also the changes are slower but once monitored changes take place, their reversal is unlikely. Therefore when promoting ecological sustainability it is essential that decisions can be made and financing allocated also based on indirect qualitative criteria. Measurable indicators are valuable in the planning and monitoring of our cooperation, but policy decisions often need to be made based on other criteria.

The examples in the following chapters give some examples of Finland's support to the MDGs and other international development goals.

2.1 Creating an environment conducive to development

Domestic and external resources can be best mobilised when developing countries have established an enabling environment for development. Finland stresses the importance of creating an enabling environment for development and aims at supporting this in all our development efforts. Priority is given to support to good governance, democracy, respect for human rights, gender equality, and a sound institutional framework for private sector development.

Particularly in political dialogue with third countries Finland works with other EU member states. Being active in the EU framework enables Finland to gain more leverage than in purely bilateral relations. At the global level UN system provides the most important forum for Finland's support designed to enhance enabling environments in developing countries. Bilateral development cooperation also plays significant role. For example, in Kenya and Tanzania, support to governance, fight against corruption, local administration and reform of the judicial institutions have been chosen as priority sectors for Finland's bilateral cooperation. In both countries, Finland cooperates closely with other donors in pursuing these development efforts.

Poverty reduction, respect for human rights, democracy, rule-of-law, environmental sustainability and social sector development are elements in Finland's comprehensive approach to security and development. From this perspective, the Finnish Government has used development policy instruments to advance sustainable development that addresses the causes of conflicts and promotes conflict prevention and resolution. Finland's

key partners in security and development work have often been regional organisations, such as the African Union or the Organisation for Security and Cooperation in Europe.

In fragile situations, like in Afghanistan and Western Balkans, the whole development programme is geared towards conflict resolution and rebuilding of societies. Such fundamental factors as peace, the rule of law and basic economic functions have to be established before other development work can yield results.

2.2 Private sector development and support to civil society

The global development goals cannot be reached by the public sector alone. It is evident that development can be best promoted through networks and partnerships where both the public and private sectors and the civil society are involved. By involving all the various stakeholders in our global actions we can best utilise the resources and knowledge available.

The private sector is the main engine of economic growth and economic development. Therefore Finland has provided development funding for a multi-donor facility Mekong Private Sector Development Facility in the Mekong region (Vietnam, Cambodia and Laos) in collaboration with the International Finance Corporation (IFC). Support has also been provided for business incubation activities and ICT projects, for example in South Africa and Vietnam. In Zambia, the private sector and trade development is one of the three focal areas of our development cooperation. In the Energy and Environmental Partnership with Central America, the expertise of the private sector has been successfully used as a foundation for development. In the rural development of Nicaragua, the goal has been to increase the government's capacity to respond to the needs of different types of producers. In addition, a special Finnpartnership programme has become a central actor in transferring Finnish technology and know-how and promoting private sector investments in developing countries.

Finland is engaged in regular dialogue with the civil society both in Finland and in our partner countries. For example, some 10% of our ODA is channelled through Finnish NGOs. They are also actively involved in policy level work. In the past years an NGO representative has also been invited to participate in Finland's official delegations in international conferences. This has proved to be a very useful way to ensure active civil society participation in the preparation of the global development agenda. It has also facilitated extensive dissemination of the results of conferences also to the non-governmental sector.

Developing countries' civil society has been strengthened by channelling support from local cooperation funds to projects conducted by local NGOs. These funds are managed by the Finnish embassies in order to ensure a profound dialogue with the civil society in our partner countries. In fragile situations, support for civil society has been an essential tool in strengthening the structural development of the state.

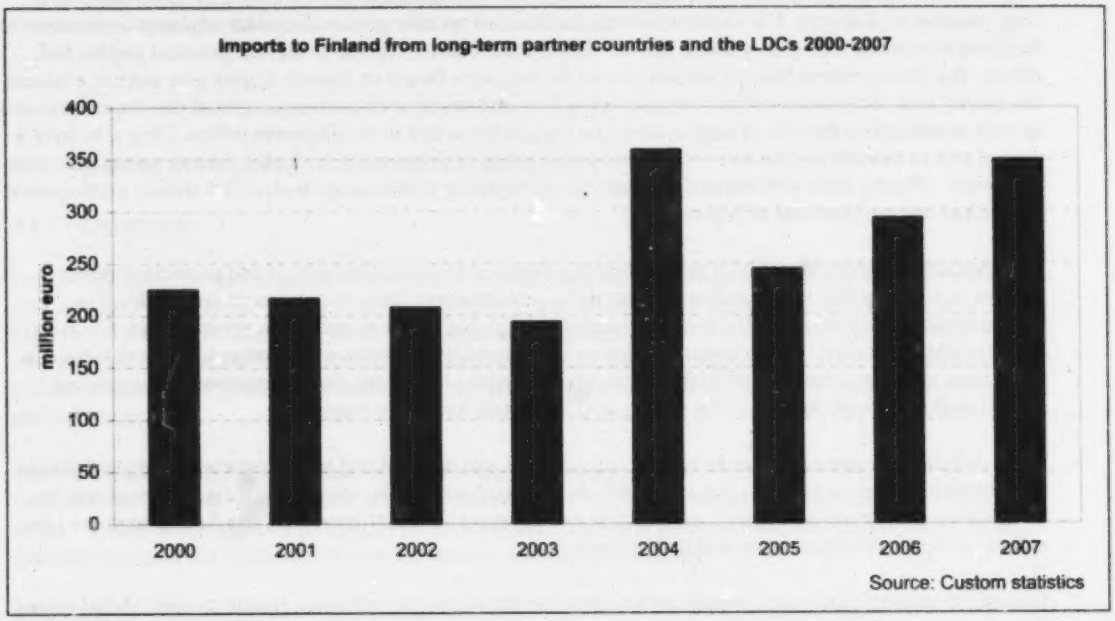
2.3 Trade and development

Aid for Trade (AfT) plays a key role in the development policies by helping developing countries to benefit from trade agreements, to better integrate into the rules-based world trading system and to more effectively use trade in order to attain the MDGs.

Finland organised the first joint meeting of EU Trade and Development Ministers during its EU Presidency in October 2006. The main theme of the meeting was AfT cooperation, and an agreement was made to draw up a common EU AfT strategy to support the implementation of AfT commitments. Finland's active input contributed to the finalisation of the strategy in 2007.

Besides development cooperation, trade policy plays a key role in developing countries' economic development and integration to the global markets. In trade policy, Finland has actively promoted imports from developing countries. The objective has been to ensure that developing countries are able to participate

in the global trading system. Imports from LDCs and our long-term partner countries have grown substantially in the past years.



The Economic Partnership Agreement (EPA) negotiations and the subsequent implementation of the agreement between the EU and the African, Caribbean and Pacific states (ACP States) support the integration of the ACP states into the regional and global economy. Therefore it is of key importance to the participating countries. Finland actively supported the negotiations during its EU Presidency in 2006 and has supported them also thereafter. The EPA negotiations are considered important from the point of view of the coherence of development and trade policies.

Finland has emphasised the creation of an enabling business environment for private entrepreneurs in developing countries. In addition, Finland has supported the participation of international NGOs in international debates on trade and development themes.

2.4 Enhancing debt sustainability

Debt sustainability is crucial for long-term development. One of the priorities in Finland's cooperation with the international financial institutions (IFIs) has been support to international debt relief initiatives and measures to ensure debt sustainability. Finland has provided funding to the Heavily Indebted Poor Countries (HIPC) initiative since its launch in 1996 and is committed to participating in the implementation of the Multilateral Debt Relief Initiative (MDRI) in line with the agreed burden-sharing mechanism.

Besides providing funding for the implementation of the debt relief initiatives, Finland pays increasing attention to the long-term debt sustainability of participating countries. Accordingly, efforts to enhance debt management systems, ensure appropriate lending terms and create debt strategies play a significant part in Finland's cooperation in this field.

3. Civil society partnerships

Collaboration on development issues between the Finnish Government and the civil society is based on a long tradition of dialogue. The Government has established specific multistakeholder advisory committees to facilitate systematic dialogue with the private sector, trade unions, NGOs, academia, political parties and others. The Development Policy Committee and the Advisory Board on Human Rights give advice, evaluate the quality and effectiveness of government operations and promote discussion on global development issues as well as strengthen the role of civil society and the private sector in development policy. They also have a special role in monitoring the level of official development assistance. Additionally, various sector ministers and senior officials meet civil society representatives regularly to encourage wider civil society participation in national and international policy-making.

Civil Society Organisations (CSO) are important partners in raising awareness of and promoting public interest in global policy issues such as human rights, environment, debt, development and health. The Government has supported civil society participation in global decision-making in several ways. CSOs have been invited to national preparation and follow-up of major UN conferences and other high-level meetings. They have also participated in official delegations. In the past two years, the Government has organised multistakeholder consultations in the run-up to UN General Assembly meetings.

CSO visibility has improved thanks to their organisation into national and global networks and good access to information. The cooperation between northern and southern NGOs strengthens their important role in challenging governments to remain accountable and sensitive to the citizens. This has further improved the official policy making processes and their inclusiveness.

One of the greatest challenges in sustainable development is how to encourage people to view global issues from a wider perspective. This change needs to be facilitated through public–private partnerships. For example, environmental NGOs and community-based organisations are involved in climate change issues and awareness-raising.

In the past 40 years, an increasing share of Finland's ODA has been channelled via NGOs. Currently approximately 15% of the ODA is channelled through national and international NGOs. The NGOs' development cooperation complements official development cooperation. Although a major part, 20–30% of this support, is directed to education and health sectors, NGOs are no longer confined to the role of service providers but are increasingly influential in policymaking and advocacy work.

Box 3. Finnish Initiative of Empowering Civil Society — Citizens' Global Platform

Finland has supported the Citizens' Global Platform (CGP) networks in Finland, Tanzania, India and Brazil to enhance civil society participation and to make the voices of the silent majority heard in global problem-solving through the Helsinki Process on Globalisation and Democracy. This has strengthened the voices of the poor and marginalised in the south and the north, who have not been able to influence the global agenda. They suffer the most from the negative impacts of globalisation, but have hardly any possibilities of influence. The thematic work of the Citizens' Global Platform has concentrated on the Climate Change and Growth and Employment.

To further improve the participation of marginalised voices in national and global processes, the CGP will pilot a Civil Society Fund in the post-Kyoto process with a view to creating even better mechanisms for CSO participation through research, training and capacity-building.

4. Guiding principles of Finland's development policy

4.1 Coherence

Policy coherence for development requires that the strategies and actions in all policy areas support the eradication of poverty and sustainable development in a systematic way. Coherent policy strives to attain the objectives of internationally agreed and nationally accepted agreements and promotes the implementation of sustainable development in a comprehensive and consistent manner throughout the world. The industrialised countries should bear principal responsibility for developing ecologically sustainable patterns of production and consumption.

The Finnish Government pays close attention to the development impact of its policy decisions. To strengthen policy coherence for development, the effects of decisions pertaining to all programmes and actions that have an effect on development are assessed. Priority is given to trade and development, rural development, and the relationship between poverty and the environment.

Internationally Finland is working to ensure that policy coherence for development is followed in the EU and in the UN and other international bodies. The EU is committed to following the principles of sustainable development in all its external and internal actions.

4.2 Complementarity

Finland favours a strong multilateral system and aims to enhance the development efforts of the UN and the effectiveness of its multilateral actions. Like all EU Member States, Finland is committed to the Union's common development policy strategies and agreed best practices. Finland supports their implementation in its bilateral cooperation and in all EU operations. Through the EU, Finland supports developing countries also in regions and areas where it does not operate bilaterally.

In its partner countries, Finland takes into account the wider framework of all aid delivery channels. Finland contributes to the work of the European Commission and international organisations at the country level. In operational development cooperation Finland aims at convergence of various mechanisms. For example, at country level the Finnish contributions through bilateral, multilateral and European community aid are seen as one and we aim at having one consolidated view across all instruments.

Donors are developing new methods for development funding ('innovative financing mechanisms'). The Finnish Government stresses the importance of traditional official development cooperation, but at the same time contributes actively to the international debate on the new mechanisms. These should complement official development cooperation, and funding from innovative mechanisms should be channelled primarily via existing aid delivery channels.

4.3 Effectiveness

Finnish development policy emphasises effectiveness, division of labour between donors, and developing countries' ownership. Allocation of more financial resources is needed, but it is not the only way to

contribute to sustainable development. Financial measures must be complemented by more effective operations and improved quality of aid. Finnish development cooperation builds on the partner countries' own poverty reduction and development strategies. Decisions related to the content of development cooperation are made jointly with the partner countries. In order to enhance the effectiveness of development assistance, Finland supports joint programming both in the EU and in the wider donor community.

Finland promotes more effective development funding in both bilateral and multilateral cooperation and strives to influence the country programmes of IFIs and UN agencies in accordance with its own development policy guidelines. The predictability of Finnish development funding will be further improved in order to boost its effectiveness.

The Government stresses the importance of effectiveness in policy guidance, operational planning and country-level programming. The planning of operational work will draw on the findings of the monitoring of the Paris Declaration. In the first monitoring report of the Paris Declaration Finland is placed above average in 5/9 indicators, at average level in 2 and below average in another 2 indicators. Together with its partner countries and other donors, Finland aims to identify the areas in which it has a comparative advantage. In order to promote the effectiveness of Finland's development cooperation, the Government is committed to improving its national decision-making and administrative guidelines.

Finland mainly provides its contributions to multilateral organisations in the form of untied core funding; bilateral aid is effectively all untied and humanitarian assistance is based on cash contributions to international organisations.

PART B: IMPLEMENTING THE INTERNATIONALLY AGREED GOALS AND COMMITMENTS IN REGARD TO SUSTAINABLE DEVELOPMENT

Based on the road map of sustainable development, Finland is committed to fostering sustainable development in the international community. In 2002, at the World Summit on Sustainable Development in Johannesburg, Finland adopted the United Nations Johannesburg Plan of Implementation (JPOI) for sustainable development. Since then, sustainable development has been an essential element of Finland's international activities and practical efforts have been made to facilitate the implementation of the goals.

The United Nations Commission on Sustainable Development (CSD) is responsible for providing policy guidance to follow up the JPOI at the local, national, regional and international levels. The CSD's two-year cycles, each cycle focusing on clusters of specific thematic and cross-sectoral issues, guide also Finland's actions for implementation.

5. National developments

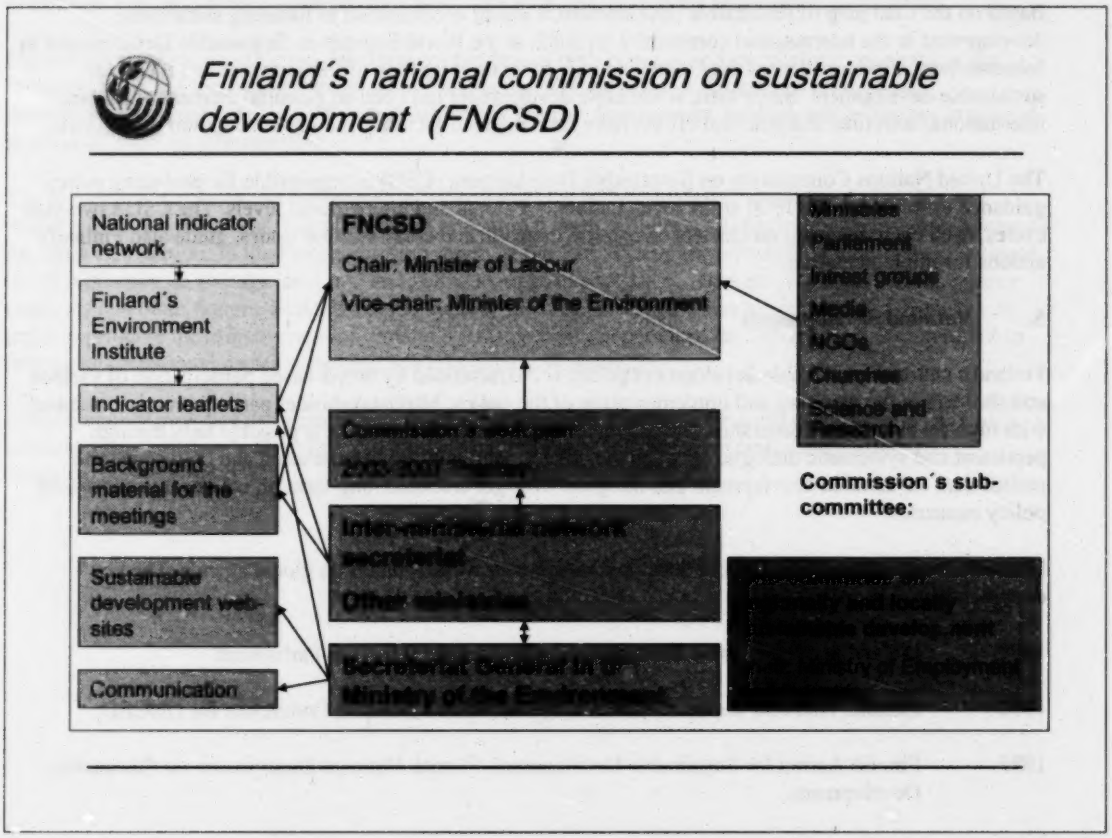
Finland's national sustainable development policy is characterised by broad-based participation of various stakeholders in the planning and implementation of the policy. Multistakeholder participation is combined with high-level political leadership. According to the Finnish experience, it is possible only through persistent and systematic dialogue between the government, public administration and civil society to mainstream sustainable development and integrate over-generational long-term objectives into successful policy measures.

Finland's long history of sustainable development strategy work is based on global agenda. The key documents have been:

1990	Finland and Sustainable Development. Government Report to Parliament.
1992	Finland. National Report to UNCED by the Finnish National Committee for UNCED.
1995	Finnish Action for Sustainable Development. Finnish National Commission on Sustainable Development.
1997	Finnish Strategies and Programmes for Sustainable Development (Ministry of Environment and FNCSD).
1998	Finnish Government Programme for Sustainable Development. Council of State Decision-in Principle on the Promotion of Ecological Sustainability.
1999	Finnish Government Programme for Ecologically Sustainable Construction.
2003	Evaluation of Sustainable Development in Finland.
2006	Towards Sustainable Choices. A Nationally and Globally Sustainable Finland. National strategy for sustainable development.

Since the late 1980s, Finland has strived to reinforce the role of sustainable development in decision-making and to strengthen mechanisms to improve the coherence of various sector policies. **Finland's National Commission on Sustainable Development (FNCSD)** was established in 1993 and it was chaired by the Prime Minister until 2007. The Commission has introduced into the national debate several themes that concern sustainable development. The FNCSD is a forum where different stakeholders present their ideas,

goals and programmes and engage in a broad debate about sustainability. In addition to environmental issues, the social, cultural and economic aspects of sustainable development have also gained a firm foothold in Finland.



Box 4. Finland's National Commission on Sustainable Development

The current National Commission on Sustainable Development was nominated by the Government in February 2008 for the 5-year period of 2008–2012. The 43 members of the Commission represent the Government and Parliament; national, regional and local administration, the Sami Parliament, business and producer organisations, labour unions, NGOs, religious organisations, media and the scientific community. The Commission is chaired by the Minister of Labour while five other ministers act as members. The main task of the Commission is to advance the implementation, assessment and follow-up of the national sustainable development policies, to engage old and new societal actors in the work, and to keep the sustainable development policy process in the mainstream of the national policy agenda.

The work of the FNCSD is outlined and prepared by an inter-ministerial secretariat which convenes 8-10 times a year. The secretariat comprises about

20 members from different ministries, each taking responsibility for the preparation of themes within their area of expertise. The FNCSD's Secretary General and Secretary are based in the Ministry of the Environment.

The most recent Government strategy for sustainable development "*Towards sustainable choices. A nationally and globally sustainable Finland*" was adopted in December 2006. The strategy identifies climate change, adaptation to rapid global economic changes, and demographic changes as the most significant development trends and challenges of sustainable development at the national level. In the global scale, the most important challenges are climate change, poverty, inequality and population growth. These global challenges also have an impact on Finland and the strategy emphasises the interdependence of sustainable development in the industrialised and developing world.

The main strategic objectives can be found in the fields of natural resources, sustainable communities in a sustainable regional structure, human well-being, the economic basis for sustainable development, global responsibility, education, research and development, know-how and innovation, as well as economic policy instruments. The strategy emphasises that sustainable solutions to the national and global challenges require simultaneous and mutually supportive short and long-term actions at the national, EU and global levels.

The first progress report on the implementation of the strategy was submitted to the FNCSD in December 2007. In addition to sectoral reports, the strategy's key indicators were updated and published together with the progress report. Implementation of the strategy is assessed bi-annually and the evaluation is linked with the assessments of the EU's Strategy for Sustainable Development.

5.1 Sub-national level developments

A **special committee on locally and regionally sustainable development** was established in 2007 under the FNCSD. The objective of the committee is to secure local and regional participation in the implementation of sustainable development policy. It comprises representatives from various ministries, regional organisations and municipalities, private sector, labour unions, NGOs and religious organisations. The Committee concentrates on the promotion of sustainable climate and energy policies as well as on eco-efficient land use and transport systems and sustainable community structures at the regional and local levels. As an example of its operations, the Committee has launched regional competitions on climate change mitigation and energy-efficiency. Various multi-stakeholder bodies can participate and present their proposals.

In 2004–2007 a comprehensive regional and local cooperation project was set-up by the FNCSD special committee for education to advance education for sustainable development in municipalities, schools, day care centres, educational institutions, and other civil society establishments.

5.2 Key lessons learned and challenges

The FNCSD has played an active role in the preparation and approval of different strategies, programmes and processes for sustainable development. The preparation of the national strategy for sustainable development was done in a comprehensive and inclusive process with participation from public administration, businesses and labour organisations, local and regional authorities, commerce and producer organisations and NGOs.

The strategy guides both short and long-term activities and its guidelines form the basis for Government policy programmes. The FNCSD submitted its contribution also when major political parties were negotiating the composition and programme of the new government after the 2007 general election. The Committee's views are relatively well reflected in the final programme. This demonstrates that systematic

dialogue between the government, public administration and civil society helps to integrate over-generational long-term objectives into government policies.

5.3 Sustainable development indicators used in Finland

The first national sustainable development indicators were published in 2000. The publication was preceded by extensive development work that involved hundreds of experts and stakeholders. The publication "*Signs of Sustainability*" included 83 indicators with graphs and interpretations. The indicators covered ecological, economic and socio-cultural dimensions of sustainability.

The indicators were updated in 2002 and 2004. The current indicator set was published in 2006 as part of the new National Strategy for Sustainable Development. All together 34 key indicators were introduced and additional indicators have been developed in 2006–2007. This comprehensive set of sustainable development indicators is used to monitor the achievement of the strategy objectives. The national sustainable development indicators facilitate decision-making and serve as a tool for monitoring sustainable development.

In addition to indicators for systematic monitoring of the strategy, special thematic indicator leaflets for the meetings of the Finnish National Commission on Sustainable Development have been produced. These supply the Commission members with up-to-date information relevant to the discussion on specific themes.

5.4 Getting more from less – Finland's approach to sustainable consumption and production

The national programme to promote sustainable consumption and production patterns (SCP) was prepared in 2005 in response to the UN Sustainable Development Summit in 2002. It creates a ten-year framework programme to promote sustainable forms of production and consumption. The programme proposes 73 different measures and focuses on solutions with the greatest impact on society's eco-efficiency. The measures cover the ecological, economic and social dimensions of sustainability, and forge new links between environmental and business policies.

The main objective of the programme is to find ways to meet society's basic needs in a sustainable way. The programme strongly emphasises the need to use natural resources in a responsible way. Small industrialised countries like Finland are often uncompetitive in global markets when it comes to labour costs. Therefore the significance of material and energy efficiency is crucial, especially with the recent rise of raw material prices. More efficient material use has also a notable climate impact.

Box 5. SCP achievements so far

The Finnish Government examined the proposed programme in spring 2006, and highlighted issues related to economic mechanisms, material efficiency and public sector procurements. The programme of the new Government formed in spring 2007 includes a specific commitment to implement the proposals of the Sustainable Consumption and Production Committee.

The following actions have already been initiated or realised:

- *A new material efficiency service centre has been set up.*
- *Vehicle taxation has been amended, differentiated according to carbon dioxide emissions.*

- *A new scheme enabling employers to provide commuting employees with public transport tickets has been launched.*

- *Taxation has been lowered on services performed for households.*

- *A new programme for sustainable public sector procurements has been drawn up for government approval, including targets for the public authorities, and proposals on how to encourage environmentally favourable choices in the public sector.*

- *Work has commenced on a report to cover the harmful environmental impacts of Finland's material flows.*

- *Discussions aiming at the signing of material efficiency agreements have been started.*

- *A report has been compiled on the environmental impacts of advertising, and the Consumer Ombudsman has examined the use of environmental and ethical claims in marketing.*

- *Energy efficiency agreements have been renewed.*

The programme has turned out to be well-timed to promote the wider discussion in Finland on the increasingly topical environmental impacts of consumption.

Building up sustainable consumption and production patterns is a long process. Finland's experiences show that it is important to take a wide perspective, prioritise key actions, and encourage continuous collaboration between various actors.

Favourable patterns cannot be achieved if sustainable choices are not encouraged, facilitated and supported in society. Reliable and easily comprehensible information on environmental impacts is vital, but this alone will not be enough. It has become evident that appropriate economic, financial and fiscal incentives are needed. Environmentally favourable choices must be made financially attractive by incorporating external environmental costs into prices.

6. Progress made in implementing MDG7 commitments

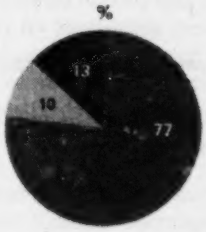
6.1 Finland's Development Policy Programme: focus on ecologically sustainable development

Eradication of poverty and ecologically sustainable development are the most important objectives of Finland's development cooperation in line with the UN Millennium Development Goals. Attaining the goals is possible only if both the developing and industrialised countries pursue economically, socially, and ecologically sustainable policies. Finland's Development Policy Programme stresses the significance of climate change and environmental issues, crisis prevention and support for peace processes. While the challenges faced by development policy have been growing, new solutions for meeting and overcoming these challenges have also been identified.

The programme also states that the three dimensions of sustainability are inextricably linked. It is essential to achieve stable poverty-reducing economic development on an ecologically sustainable basis. For this to be possible, social conditions must be stable. This refers to peace and security, well-functioning democratic governance, rule of law, respect for human rights, inclusive social and cultural development, and action to fight corruption.

Projects focusing on the environment can support sustainable development in several sectors

Finland's bilateral funding allocations to development cooperation in 2007



Other development cooperation	77 %
Improvement of the condition of the environment as an important partial goal	10 %
Improvement of the condition of the environment as the main goal	13 %

Bilateral funding allocations to projects which have the environment as their main goal in 2007

Water and waste management	30 %
Government and civil society less than	1 %
Energy production and distribution	3 %
Forestry	29 %
Industry less than	1%
General protection of the environment	36 %
Multiple sectors	1 %
Other	1 %

6.2 Support for sustainable use of natural resources: some examples

In development cooperation Finnish know-how and expertise are often used to promote sustainable use of natural resources. In many cases these projects include the use of new technologies. A good example is the **energy efficiency pilot project** in Vietnam by the International Energy Audit Programme. It was launched after the International Conference for Renewable Energies in Bonn in 2004 and expanded in 2008.

Finland supports the UNFCCC negotiations on the post-2012 climate change regime. Finland gives substantial voluntary support to the UNFCCC to support developing country participation in the negotiations. In addition to the UNFCCC negotiations, Finland supports the following international climate change processes:

- capacity-building projects to improve the participation of developing countries in climate change mitigation and adaptation.
- GEF and its climate funds, the Least Developed Countries Fund and the Special Climate Change Fund.
- the Finnish Meteorological Institute is active in the World Meteorological Organisation (WMO) and in adaptation activities of other bodies such as the International Union for Conservation of Nature (IUCN).

One example of combining the promotion of sustainable development and technology transfer is the Energy and Environment Partnership (EEP) with Central America, which aims **to increase the share of renewable energy and energy efficiency** in the region. The EEP is a public-private partnership and builds on local ownership and a bottom-up approach. The main objective is to promote the use of renewable energy sources and clean technologies in Central America and to make energy services more accessible to the poor, particularly in rural areas. It serves as a forum to facilitate discussion on energy and environment policies, to examine energy alternatives and projects and to promote new technologies through pilot and demonstration projects. Currently EEP covers eight Central American countries and supports 162 projects. It has been able to attract 31 European and 36 Central American renewable energy companies. Finland is now considering replicating this partnership model in the Mekong region or in Indonesia.

In the water sector, Finland has supported the Global Water Partnership Organisation (GWPO) to help countries **to apply integrated water resources management** as a means to equitable, efficient and sustainable water management.

In the forest sector Finland has endorsed the Global Objectives on Forests agreed in the United Nations in 2007 as well as other forest-related international commitments, in particular those arising from the Rio Conventions. The objectives include

- reversing the global forest cover loss through sustainable forest management, including protection, restoration, afforestation and reforestation and preventing forest degradation;

- enhancing forest-based economic, social and environmental benefits, including the improvement of the livelihoods of forest dependent people;

- increasing significantly the area of sustainably managed and protected forests, and the proportion of forest products from sustainably managed forests;

- secure appropriate development financing for sustainable forest management.

It is essential that forest issues are addressed both at country and international levels and through active participation of all stakeholders. This is the only way to take full benefit from the potential that forests have in climate change mitigation and prevention of land degradation, desertification and loss of biological diversity. International forestry cooperation is a high-impact tool in poverty reduction and improving the livelihoods of forest-dependent poor belonging often to indigenous groups.

Finland participates actively in the formulation of forest and development policies in the EU, in thematic cooperation on environment and natural resources, as well as in efforts to improve forest governance and to stop illegal logging and trade. Measures to encourage sustainable forest management and avoid deforestation are taken also under the UN Framework Convention on Climate Change.

The Rio Conference also launched the United Nations forest process, which led to the establishment of the United Nations Forum on Forests (UNFF) in 2001. A legally non-binding instrument for international cooperation on all the world's forests was drawn up to establish a framework for further work by the Forum and for the related Collaborative Partnership on Forests (CPF) for the period 2008–2015.

Finland supports the member organisations of the CPF by supporting developing countries in implementing their National Forest Programmes and Policies. Work done through the National Forest Programme Facility hosted by the UN Food and Agriculture Organisation (FAO) and the Programme on Forests hosted by the World Bank has been particularly significant. Finland supports the Science and Technology Initiative of the international scientific community and the work of UN Forum on Forests' Panel of Experts working on the key challenges on forests and environment.

In the bilateral development cooperation, Finland continues to support Kenya, Tanzania, Zambia, Mozambique, Nicaragua, Laos, Peru and the Western Balkans region in forest sector development and in the implementation of their national forest programmes.

Box 6. The Peacebuilding Commission and Sustainable Development

The Peacebuilding Commission (PBC) was established at the United Nations World Summit in 2005. According to its mandate, the PBC focuses on reconstruction, institution-building and sustainable development in countries emerging from conflict. Post-conflict situations require close attention from the UN system, and the UN environmental expertise is needed in this respect. The Peacebuilding Commission is guided by strategies that contribute to sustainable development and environmental considerations have been included in its work. The Support Office of the PBC in New York has been supported by UNEP on matters related to the environment, conflicts and peacebuilding, including the secondment of a UNEP expert. Finland has allocated funds to support the work of an UNEP expert in the PBC in 2008-09.

Environmental sustainability (MDG7) is often seen as the basis for the social and economic pillars of sustainable development, thus intersecting all other development goals. Environmental issues have been emphasised in the Finnish development policy since its inception, and some 10% of the Finnish development cooperation funding over the period 2001–2006 was directed to specific environmental activities. The share is likely to increase further with the strong emphasis on ecological sustainability stated in the 2007 Development Policy Programme.

In bilateral cooperation, Finland strives to concentrate its activities on fields in which the added value that Finland can contribute may have a major impact on global development. These sectors include forest and water management and renewable energy, directly linked to MDG7. Developing countries' national poverty reduction strategy papers (PRSPs) play a key role in the allocation of development funding. Finland, together with its partner countries and other donors, is participating in PRSP dialogue to ensure that their implementation will be ecologically, economically and socially sustainable. It is also crucial to make sure that the donor-wide trend towards direct budget support and sector-wide support does not hinder the ecological sustainability of country-level activities.

The implementation of Multilateral Environmental Agreements (MEAs) provides an important channel for environmental support to developing countries. The implementation of the MEAs demands vast efforts from poor countries. The objectives of the MEAs are extensive, and their fulfilment contributes widely to the achievement of the MDGs. Meeting the requirements of the waste and chemical conventions, for example, often promotes also health and sanitation targets, whereas the pursuit of low carbon development has positive effects both on human health and on local and global environments. By supporting the developing countries' capabilities to implement the MEAs, Finland promotes all the three dimensions of sustainable development. The current Finnish funding for the MEAs is primarily directed to the three Rio Conventions as well as the UNFF. At the same time, the pressure to support also the other conventions is rising.

Climate change poses a great risk to the attainment of sustainable development. The poorest countries will suffer the most from its impacts. It is important that there is readiness in the donor community to respond to the challenges brought about by climate change. The long-term goal is carbon neutral development. Development funding will continue to play an important role in supporting mitigation and adaptation measures in the poorest and most vulnerable regions of the world. Most of the funding for climate change mitigation will come from the private sector. At the same time, synergies between mitigation and adaptation measures should be promoted, for example, via sustainable forest management. Public seed money will often be needed to facilitate technology cooperation and diffusion. The creation of new innovative financial

mechanisms facilitates investments in sustainable energy infrastructure and provides countries an opportunity to leapfrog to pursuing their way to low carbon economy.

The impacts of climate change will be unevenly distributed among different regions, generations, income groups, and men and women. The poor, of which 70% are women, are disproportionately affected. Finland works actively to promote the role of women, especially in developing countries, in matters related to climate change.

7. MDG8 and partnerships for private sector developments

As a response to meeting MDG8 on creating global partnerships and according to the Monterrey Consensus on development financing, Finland's Development Policy emphasises comprehensive financing for development, including partnerships for development, and the need to mobilise the private sector and various institutional players to promote sustainable development. Partnerships between the public and private sectors and the promotion of trade are seen as key strategic means to contribute to economic development and poverty reduction on a sustainable basis. To support the implementation of the new development policy, a cluster approach has been adopted as a way to involve the non-state sector in the promotion of development goals. Sustainable forestry, water and climate change are three of the six clusters which will bring universities, research institutions, companies and NGOs together to develop and implement innovative approaches in development cooperation and sustainable development.

Box 7. Partnership instruments

Finland has introduced two entirely new instruments to promote partnerships and broaden the range of stakeholders in development cooperation. Companies, business organisations, universities, research institutes and other parties are encouraged to engage in development and make use of these instruments. One of the instruments, Finnpartnership (FP), is an aid instrument that has been designed especially for the purpose of promoting partnerships. Since 2006 FP has contributed to the creation of commercially viable partnerships between companies and other business organisations and institutions in Finland and in the developing countries in order to enhance economic growth and reduce poverty. FP provides limited grant support aiming at stimulating Finnish investment in developing countries; all projects must be ecologically and socially sustainable. Furthermore, projects with environmental objectives and pro-poor development impacts are favoured. FP promotes also transfer of environmentally friendly, sustainable technology to developing countries e.g. through joint ventures or business-oriented technological cooperation. As of 2008, the facility has opened a new window for supporting pilot projects applying new environmental technology especially related to climate change. FP also operates a Matchmaking Service, which is targeted at developing country companies trying to find a Finnish partner (and vice versa). In the future, this service will be linked to selected European matchmaking services to improve cooperation and effectiveness. In addition, FP has already started identifying local partner organisations in some of the long-term partner countries to cooperate in matchmaking efforts.

FP is already well established and the demand for its services is growing rapidly. The provided support has spread to over thirty countries, including many LDCs. India, China, Vietnam, Thailand, and Bangladesh are the five most popular countries for partnership projects. Environmental technology, ICT and (renewable) energy have been the key sectors.

Finland has developed a new instrument to enhance participation of institutions in development cooperation. This new instrument provides opportunities for public institutions to cooperate with developing country partners with a view to developing local institutional capacity. It also enables transfer of Finnish know-how and technology to contribute to development objectives in compliance with the requirements of multilateral

environmental agreements. It complements FP and the local cooperation both of which also aim at engaging the private and non-state sector in general in sustainable development.

Finland has traditionally supported a broad range of Finnish and international NGOs. In the past few years, ten NGOs have been selected as partner-NGOs to ensure that more comprehensive, predictable long-term support is provided for NGOs meeting specific criteria and to engage NGOs in more methodical development cooperation. They operate in various fields, including promotion of sustainable forestry to further social and environmental objectives.

In bilateral cooperation special efforts have been made to engage the private sector, and the non-state sector in general, more actively in development cooperation through partnership programmes.

United Nations E/2008/87

Economic and Social Council

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Special meeting on the global food crisis
New York, 20 May 2008

Letter dated 13 June 2008 from the Permanent Representative of Brazil to the United Nations addressed to the President of the Economic and Social Council

I have the honour to enclose herewith the message by Luiz Inácio Lula da Silva, President of the Federative Republic of Brazil, on the occasion of the Special meeting of the Economic and Social Council on the global food crisis, held from 20 to 22 May 2008 (see annex).

I would kindly request the publication of the message as a document of the Economic and Social Council as well as its distribution to all Permanent Missions and Permanent Observer Missions of the United Nations.

(*Signed*) Maria Luiza Ribeiro **Viotti**
Ambassador
Permanent Representative of Brazil to the United Nations

08-39990 (E) 080708

Annex to the letter dated 13 June 2008 from the Permanent Representative of Brazil to the United Nations addressed to the President of the Economic and Social Council

I wish to congratulate Ambassador Léo Mérorès, President of the Economic and Social Council and Permanent Representative of Haiti, on convening this meeting. I also wish to greet Secretary-General Ban Ki-moon, Permanent Representatives, delegates and high officials of the United Nations.

Ever since my very first day in office, I have devoted myself to the fight against hunger and poverty, both in Brazil and in the world.

Almost four years ago, in this chamber, before dozens of world leaders, we launched the international action against hunger and poverty. Our mobilization has yielded important results, particularly in health. However, we are fully aware that much remains to be done.

The challenge was made more dramatic by the recent increase in food prices worldwide. Demonstrations by starving men and women have occurred throughout the world and, in some cases, risked jeopardizing institutional stability. A humanitarian disaster of great magnitude is a real threat.

Today, even before such a bleak scenario materializes, price increases already affect the poorest among the poor, who spend proportionally more of their income on food. The prospect of regression in the fight against hunger and malnutrition makes the Millennium Development Goals look ever more distant.

We need to act on different fronts. As an emergency measure, we must quickly contain the most adverse effects of the current crisis. Brazil is doing its part in Haiti, by providing food assistance and supporting the rehabilitation of local agriculture.

A thorough analysis of the problem is also urgently needed, in order to better tackle it. This is a complex issue that requires an objective and unemotional examination, one that avoids jumping to conclusions. Last month, at the United Nations Conference on Trade and Development, Secretary-General Ban Ki-moon correctly pointed out that the crisis has multiple causes.

Higher prices of oil and, consequently, of fertilizers, energy and transportation have all had a significant impact on the production costs of food. Seasonal price fluctuations, aggravated by serious crop failures due to climatic reasons, have also been a variable in this complex equation. Realignment of exchange rates and financial speculation with commodities have played a role as well.

However, today's worrisome pressures on the world's food stocks should not prevent us from recognizing and welcoming a novel and fortunate event: in several developing countries, an increasing number of people are now eating more and better.

The ever-expanding circle of those who eat shows that current international structures and practices are not fit to incorporate these new consumers smoothly. We must produce more food and distribute it better. But, above all, we must create conditions for poor countries to produce their own food.

Hunger spreads throughout poorer countries that suffer from a double vulnerability. They can neither afford food at ever-increasing prices nor produce it locally in sufficient quantities to feed their own populations.

But how can we explain that large countries endowed with arable land have not invested in growing food to ensure, at least, the subsistence of their populations? The answer lies essentially in the existing distortions in the international agricultural trade, particularly protectionism, which industrialized countries have practised for decades, if not centuries. Small poor farmers cannot compete with the millions in subsidies granted by rich countries to their own farmers. Unable to support themselves, farmers in many poor countries become dependent on imported food and foreign aid. Agricultural subsidies reward inefficiency, perpetuate the privileges of a few and aggravate the hunger of many.

The need to eliminate such distortions explains Brazil's effort to achieve a balanced conclusion of the Doha Round. We favour an agreement that, once and for all, places agricultural products under the World Trade Organization's multilateral disciplines.

Enforcing fair rules in international agricultural trade is fundamental, not only to eradicate hunger in the world but also to face another crucial challenge of our time: to reconcile environmental protection with energy security.

It is necessary to unveil the campaigns fostered by trade protectionism and vested interests of oil groups that attempt to demonize biofuels. On the latter they blame both the rise in food prices and global warming.

Such campaigns disregard the successful Brazilian experience with sugar cane-based ethanol. Over the last 30 years, Brazil has drastically cut CO_2 emissions while, at the same time, reducing demand for fossil energy to the point of achieving virtual self-sufficiency in energy. We have done so with no prejudice to food production. On the contrary, over the same period, Brazilian agricultural output has increased exponentially, thanks to productivity gains, including in the production of sugar cane.

The fight against hunger and poverty must mean, first and foremost, stimulating the dormant potentialities for food production in the most vulnerable countries. Brazil is doing its part. We have invested massively in research and crop improvement. We have been offering to share our experience and knowledge with other developing countries, as illustrated by the establishment of an office of the Brazilian Agricultural Research Corporation (EMBRAPA) in Accra, Ghana, in 2007.

Biofuels may be particularly helpful to reduce energy vulnerabilities. But there is more to it. Biofuels are a source of clean and cheap renewable energy and generate income and jobs, especially in rural areas, where they contribute to sustaining a flourishing agriculture. Against that background, what is the meaning of taxing imports of ethanol, while exempting oil from import duties, when the international community discusses alternatives to fossil fuels?

Brazil does not intend to impose its model. We want the potential for biofuels to be assessed according to each country's reality. If adopted thoughtfully, they may rescue nations from food and energy insecurity. In the face of steep energy prices and the effects of global warming, it would be irresponsible to preclude, out of

prejudice, a strategic option for countries that have neither oil nor food, nor have the means to afford them.

Brazil will not shy away from this debate. On the contrary. I have invited government officials, scientists and representatives of civil society from all interested countries to participate in an international conference on biofuels, to be held in Sao Paulo, this coming November.

A comprehensive and objective review of all aspects of this issue will prove to be a valuable contribution to building a true world partnership for sustainable development. Let us work together for a dignified and prosperous life for all, as we ensure our energy security and preserve the planet for future generations.

In this endeavour, Mr. President, the role of the United Nations and, more specifically, that of the Council is fundamental. I wish you success in your work.

United Nations E/2008/88

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Substantive session of 2008
New York, 30 June-25 July 2008
Item 2 (c) of the provisional agenda*
High-level segment: annual ministerial review

Note verbale dated 25 June 2008 from the Permanent Mission of Bahrain to the United Nations addressed to the President of the Economic and Social Council

The Permanent Mission of the Kingdom of Bahrain to the United Nations presents its compliments to the President of the Economic and Social Council and has the honour to request that the report of the Western Asia regional preparatory meeting on sustainable urbanization for the annual ministerial review of the Economic and Social Council, held in Manama on 1 and 2 June 2008 (see annex), be circulated as a document of the Council for consideration at its substantive session of 2008, under item 2 (c) of the provisional agenda.

At the regional preparatory meeting, the subject of sustainable urbanization was examined from the perspective of the countries of Western Asia as a contribution to the theme of the 2008 annual ministerial review, "Implementing the internationally agreed goals and commitments in regard to sustainable development". The Government of the Kingdom of Bahrain believes that the report will constitute a valuable contribution to the discussions on the theme at the annual ministerial review of 2008.

* E/2008/100.

08-40319 (E) 100708

Annex to the note verbale dated 25 June 2008 from the Permanent Mission of Bahrain to the United Nations addressed to the President of the Economic and Social Council

Report of the Western Asia regional preparatory meeting on sustainable urbanization for the annual ministerial review of the Economic and Social Council

Summary

As part of the annual ministerial review process of the Economic and Social Council, a Western Asia regional preparatory meeting on the theme "Sustainable Urbanization" was held in Manama on 1 and 2 June 2008, hosted by the Government of the Kingdom of Bahrain. Organized as a multi-stakeholder event, with the participation of high-level representatives in an expert capacity, the consultations consisted of plenary meetings and panel discussions, which were attended by nearly 90 delegates.

The participants examined emerging trends, challenges and potential solutions in the areas of urban infrastructure and access to services, green architecture for sustainable urbanization, and financing (including through Islamic banking) and technology transfer for sustainable development. In the course of the discussion, population growth, social integration, youth unemployment, the global food crisis, climate change, unsustainable patterns of consumption and production, and water scarcity were highlighted as major regional challenges in the context of sustainable urbanization.

Key policy messages

The following major messages emerged from the discussions:

(a) To address the challenges of urbanization, governments must develop country-specific approaches that reflect their development priorities.

(b) Planning for sustainable urbanization requires an integrated policy approach that involves all relevant stakeholders, including national governments, city and municipal governments, community representatives, NGOs and members of the private sector.

(c) To improve decision-making and management, capacity-building is essential for local authorities and municipal planners, as well as community members. Accurate statistics must also be collected and made available to policy-makers.

(d) Governments must leverage new investment in urban infrastructure to cope with population growth and increasing urbanization. Municipalities require more and better instruments to raise capital.

(e) Encourage Islamic banks and other commercial banks to increase their role in financing projects that will contribute to sustainable development, including through providing "green credit" and venture capital to promote sustainable urbanization. Islamic banks and other commercial banks are encouraged as well to develop financial products of relevance to low-income customers, including government-backed mortgages and micro-loans.

(f) Governments must ensure that drinking water is available to slums and meets quality standards.

(g) Immediate action must be taken by all stakeholders in the region to address unsustainable patterns of consumption of water, including implementing conservation practices in agriculture and cutting losses in water delivered by utilities and in industrial use.

(h) Governments, in partnership with the private sector, should support research and development to utilize appropriate and affordable technologies to mitigate and adapt to climate change, as well as technical programmes to build capacity in cleaner technologies and environmentally sound practices.

(i) Architects, developers and other actors in the construction industry, with support from governments, should scale up and scale out the quantity and types of green building solutions, incorporating traditional knowledge and materials as well as new technologies, especially to ensure sustainable housing for the poor. They should also pursue socially responsible policies and practices, particularly with labour employed for construction and maintenance of buildings.

(j) Governments should provide an enabling environment to encourage the spread of green architecture. However, this should be promoted as part of overall planning for sustainable urbanization.

(k) The ESCWA region should adopt a common green rating tool under the neutral guidance of a Green Building Council.

I. Introduction

At the 2005 World Summit, Heads of State and Government mandated the Economic and Social Council to hold annual ministerial-level substantive reviews as part of its high-level segment, in order to review progress made in the implementation of the outcomes of United Nations conferences and summits and to assess its impact on the achievement of the goals and targets of those conferences and summits. In 2008, the second annual ministerial review addresses the theme "Implementing the internationally agreed goals and commitments in regard to sustainable development".

On 1 and 2 June 2008, the Government of the Kingdom of Bahrain, under the patronage of His Highness Shaikh Khalifa Bin Salman Al-Khalifa, the Prime Minister, and with the support of the United Nations Department for Economic and Social Affairs, the UN-HABITAT and ESCWA, hosted a Western Asia regional preparatory meeting on the theme "Sustainable Urbanization" to provide input to the 2008 review.[1]

The meeting provided an opportunity for Western Asian countries to contribute to the review, including by sharing best practices and lessons learned related to sustainable urbanization that could aid in advancing and expanding activities to achieve the internationally agreed development goals (see enclosure).

The meeting brought together nearly 90 delegates, including representatives of governments from Western Asia and other regions, and experts from of the United Nations system and other international organizations, non-governmental organizations (NGOs), academia and the private sector. The delegates examined emerging trends, challenges and potential solutions in the areas of urban infrastructure and access to services, green architecture for sustainable urbanization, and financing (including through Islamic banking) and technology transfer for sustainable development.

II. Proceedings of the regional preparatory meeting

A. Opening session and keynote addresses

The meeting was opened by H.E. Sheikh Khalid bin Ahmed bin Mohamed al Khalifa, Foreign Minister, Kingdom of Bahrain. In his welcoming remarks, the Foreign Minister highlighted the importance of the issues that the meeting was addressing. Population growth, urbanization, infrastructure and services, the environment, and science and technology all have to be addressed to ensure a

[1] Please see http://www.un.org/ecosoc/newfunct/amrregional2008.shtml for the background note, programme, statements, presentations and list of participants.

healthy, sustainable urban environment that promotes well-being, dignity and development for all human beings in Western Asia and other regions. He expressed confidence that the meeting will allow the diverse and knowledgeable participants to engage in a valuable exchange of experience and expertise, as well as encourage bilateral cooperation.

H.E. Sheikh Mohammed bin Mubarak al Khalifa, Deputy Prime Minister, Kingdom of Bahrain, delivered a keynote address. He highlighted the challenges governments are presently facing in the economic, social and environmental fields, among the most urgent being the food crisis, population growth and urbanization. Cities can have a vital role in quickening the pace of economic and social growth if appropriate plans are in place to resolve housing and basic utility problems, as well as the increasing challenges and consequences of urban growth. Addressing such challenges requires the participation of all stakeholders and the support of the international community.

The Deputy Prime Minister noted that the region is making significant progress in urbanization and development, yet it suffers from scarcity of water resources. Addressing this challenge requires technology transfer, new research and development (R&D), and international cooperation. Financing of technology transfer and R&D is necessary, and the role of Islamic banks is vital.

He welcomed this opportunity to share knowledge, exchange experiences, assess implementation of urban policies and strategies and other development goals, and discuss solutions. Such meetings serve to enhance dialogue and exchange of regional and international experiences on means and mechanisms to implement the MDGs, and create better understanding of sustainable urbanization choices and directions. He also expressed confidence that the discussion would contribute to the ECOSOC Annual Ministerial Review.

Following the keynote address by the Deputy Prime Minister, a number of high-level officials from the United Nations system and other regional organizations delivered opening remarks.

H.E. Mr. Léo Mérorès, President, United Nations Economic and Social Council, described the mandate and purpose of the ECOSOC Annual Ministerial Review. He introduced the 2008 theme on sustainable development and stated that this meeting will help crystallize the challenges faced by the Western Asia region in respect to sustainable urbanization.

Ambassador Mérorès cited urbanization as the defining feature of the 21st century. It has the potential to be a positive force for economic and social development despite the fact that cities are home to 1 billion slum dwellers. How well governments handle urbanization will have a significant affect on progress towards

many of the MDGs. The region's record in promoting sustainable urbanization is mixed due to disparities among countries. Some are struggling with slum upgrading and prevention, while others are at the forefront of green architecture.

In his statement, H.E. Mr. Abdul Rahman bin Hamad al-Attiyah, Secretary-General, Cooperation Council for the Arab States of the Gulf (GCC), called attention to the efforts that have been undertaken to improve the welfare and prosperity of humanity in the region. The United Nations plays a major role, especially in improving conditions for slum dwellers. Gulf countries in particular have supported endeavours to eradicate poverty, provide decent housing and ensure human welfare to all their citizens. Nonetheless, challenges hamper achieving sustainable urbanization, such as water scarcity and poor management of information. He emphasized that efforts to achieve sustainable urbanization require a clear, balanced and effective programme undertaken by all stakeholders, in coordination.

Mrs. Anna Tibaijuka, Executive Director, United Nations Human Settlements Programme (UN-HABITAT), stated that recent history has shown that slum growth is practically synonymous with urban growth. Ensuring universal access to water and sanitation, and equitable access to waste collection and affordable energy is one of the more effective means of improving the living conditions of the urban poor and a fast-track means of attaining all of the MDGs in urban areas, including goals on poverty, health and gender equality. Mrs. Tibaijuka said that one of the consequences of the combined impact of urbanization and globalization is a change in consumption and production patterns: as cities grow and integrate in the global economy, people alter the way they use land, water, energy and other natural resources. To reverse the impact cities have on climate change, smarter and greener urban development and growth is urgently needed. Any lasting solution to mitigating climate change will have to address the way cities are planned and managed.

Attaining sustainable urbanization will depend on the proper mix of good planning, enabling policy frameworks and financial instruments that ensure growth with equity – only then can technology play its full role. Mrs. Tibaijuka concluded by proposing that the ECOSOC consider "sustainable urbanization and the reduction of urban poverty" as a cross-cutting pillar in its deliberations so that the urban dimension will be incorporated in all the Council's analysis and recommendations.

Mr. Bader Omar Al-Dafa, Executive Secretary, United Nations Economic and Social Commission for Western Asia (UNESCWA), reaffirmed the relevance of the challenges associated with sustainable urbanization to the region and warned that rapid urbanization continues to pose great challenges, including insecure land tenure, inadequate drinking water and sanitation, and pressure on urban centres

from refugees. Urban policies and national development strategies must be holistic to ensure that the expansion and upgrading of urban infrastructure and the provision of services address the needs of the urban poor. Decentralization and enhancing the role of local authorities may be important steps to improving urban governance. He stressed the need to pay attention to rural development; examine the interlinkages and interdependence of urban and rural development. Mutual commitment and a coordinated response are necessary to collectively confront the challenges of sustainable urbanization.

Mr. Thomas Stelzer, Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs, United Nations Department of Economic and Social Affairs (UNDESA), outlined some of the broad challenges of sustainable urbanization, including the unprecedented scale and pace of growth, and the impact of cities on the environment. He underscored that improving the lives of slum dwellers bears an enormous potential to achieve the MDGs. Moreover, green architecture may put the world on a more sustainable consumption and production path. Allowing developing countries to leapfrog to the urban development of the future could have groundbreaking impact on attaining sustainable development. Sharing technologies and know-how, as well as mobilizing public and private resources, are critical to reaching this goal.

In her keynote address, H.E. Dr. Fatima al Belooshi, Minister of Social Development, Kingdom of Bahrain, stressed that social development is an integral part of sustainable urban development that must focus on human beings and ensure a good life for all. The Kingdom has made significant progress in its social development and has enjoyed rapid economic development as well. It has liberalized and diversified its economy, and has become a financial services hub in the Middle East. The country has met all the MDG targets and is now pursuing the MDG+ objectives. Challenges remain, including maintaining the national identity in an era of globalization, and dealing with population growth and an aging society.

The policies of the Ministry of Social Development are built upon the principles of social investment and social protection. The Ministry has implemented many initiatives in cooperation with a number of partners, including: providing financial services for poor families, developing rehabilitation programmes, combating human trafficking, protecting children, providing programmes for people with special needs and promoting women's rights.

Dr. Badria Al Jeeb, Assistant Undersecretary of Social Welfare and Rehabilitation and Training, Ministry of Social Development, Kingdom of Bahrain, reported on the role of the Ministry in contributing towards sustainable urbanization through social services. In the past several years, the Ministry has undergone significant change, including decentralizing the service delivery and expanding its coverage to

all people in the country. It now concentrates on human development and emphasizes the interaction between the State and the individual.

Dr. Al Jeeb described many of the innovations the Ministry has introduced to its work. Among the projects described were homeless shelters; children's and youth clubs; and centres for family counselling, the handicapped and the elderly. A comprehensive strategy to help poor families break the cycle of poverty has been launched, which included developing a policy to reduce the price of electricity for 10,000 needy people; paying benefits to families that fall below the national poverty line; providing housing, education and healthcare; and promoting employment. It also launched a telephone hotline for individuals to communicate their needs directly.

Dr. Nabeel Mohamed Abu Alfatih, Acting Undersecretary of Housing, Ministry of Housing, Municipalities and Environment, Kingdom of Bahrain, stated that it is imperative for nations to institute sustainable urbanization for the sake of future generations. In doing so, many factors – including demographic, social and economic – need to be balanced. This requires good planning to implement policies that meet the needs of all members of society. Since independence, the Kingdom has been proactive in pursuing sustainable urbanization as a major part of its planning for sustainable development.

The country's constitution incorporates all the elements of sustainable social development, including citizen's rights to housing, which the Kingdom guarantees. The Government is responding to the growing demand for houses with significant investment. It is also redesigning its housing system for low-income families to ensure good quality and quantity of services and the proper use of scarce resources (such as land and water) to ensure long-term sustainability. He stated that the public and private sectors must work in partnership to provide housing for all. Dr. Alfatih concluded by emphasizing that decisions taken now will determine the social development of future generations.

B. Panel 1: Providing urban infrastructure and access to services

The panel on providing urban infrastructure and access to services aimed to highlight regional successes and challenges in providing water, sanitation, energy, mass transit, waste management and other vital services.

In the moderator's opening statement, Mrs. Anna Tibaijuka stressed that social inclusiveness is fundamental to realizing sustainable urbanization. Social inclusiveness is predicated on all residents of a city or town having access to basic services. This requires investment and equitable social policies and strategies. Basic services must be affordable. Mrs. Tibaijuka underscored that providing urban infrastructure requires appropriate economic, financial and fiscal policies.

The first panellist, Ms. Mona Serageldin, Vice-President, Institute for International Urban Development, United States of America, stated that the Middle East and North Africa (MENA) region has made great strides in improving access to basic infrastructure since the 1970s, citing notable cases in Egypt, Tunisia and Morocco. Almost all countries in the MENA region will meet all or some of the MDGs, but this alone does not guarantee achieving sustainable urbanization.

In fact, current patterns of urbanization in the region are far from sustainable. In the richer countries, resource consumption is high and their ecological footprints exceed sustainable levels. In the rest of the region, cities face growing challenges related to water shortages, pockets of poverty, traffic congestion, high costs of urban land and housing, environmental pollution and frustration amongst unemployed youths. In all MENA countries, water consumption is too high and unsustainable. In non-oil-producing countries, existing water systems are not maintained, leading to losses of as much as 30% of total consumption, but action is rarely taken until the situation reaches crisis proportion. With urban land value doubling every three to four years, slum upgrading cannot prevent the formation of new informal settlements that consume scarce agricultural land. Moreover, affordability of housing has been eroded for middle income families and runaway land markets have encouraged laxity and corruption in local enforcement of development regulations. Globalization (with a shift toward knowledge-based economies) and demographic factors are also having a significant impact on urbanization in the region.

Ms. Serageldin said governments have realized that there is no substitute for social outreach and community involvement in efforts to achieve sustainable urbanization. Local authorities lack adequate technical and financial resources to fully assume the responsibility of planning for sustainable development, thus explaining the continuing role of national agencies. Yet, these agencies need to provide opportunities for meaningful participation by citizens.

Focusing on waste management, Ms. Laila Iskandar, Chairperson, Community and Institutional Development, Egypt, brought attention to the consumption patterns of the rich and the poor. In Egypt, the poor have effectively created livelihoods out of processing the refuse of the rich by adopting a home-grown model different from those of the developed world (which generally bury or burn their garbage), in which waste is sorted into two streams: food and everything else. The food is composted and exported to meet growing demand, and the rest is sifted for reuse and recycling. She repeatedly emphasized the importance of "home-spun" and "culture-specific" solutions to the challenges of urbanization.

Operating small enterprises out of their homes, the poor entrepreneurs have a recovery rate of 80%, which far exceeds the efficacy of services provided by municipalities or the private sector, while simultaneously providing employment

and income. Ms. Iskandar, thus, called attention to the "human infrastructure" of cities and lauded the poor for being able to overcome badly designed systems. Already, her organization was taking steps to transfer the waste-processing technology and know-how to the poor within Egypt and abroad so that more communities can benefit. She emphasized that, while recycling can help to sustain natural resources, it is imperative to limit consumption levels.

She asserted that municipalities must learn how to manage slums, rather than raze or ignore them and that granting land tenure is essential. The challenge is to design cities in which the poor can work and live in dignity.

Ms. Zahwa Mohamed Al Kuwari, Director, Department of Environmental Planning, Public Commission for the Protection of Marine Resources, Environment and Wildlife, Kingdom of Bahrain, described some of the policies that Bahrain has implemented to ensure sustainable development. In the 1980s, the Government had developed a national environment strategy with the cooperation of all sectors to safeguard the natural environment under the growing pressure of urbanization through preventive measures and by imposing penalties for actors that harm the environment. Under the plan, all new projects are subject to environmental licensing and undergo environmental assessment.

Having been successfully implemented, the strategy has realized improvements in air quality and other pollution. The Government is working toward fulfilling national and international agreements regarding climate change and environmental protection and is in the process of preparing a second national declaration on sustainable development. The Government has achieved its success by balancing the economic, social and environmental aspects of development.

During the interactive discussion that followed the panelists' presentations, the global food crisis, unsustainable patterns of consumption and production, water scarcity, climate change, population growth, social integration and youth unemployment were highlighted as major regional challenges in the context of sustainable urbanization.

With the region being a net importer of food, the present food crisis is having a heavy impact. Low-income families are forced to eat less nutritious diets or skip meals, and children are in some cases being withdrawn from school so that they can work instead. Action is necessary to scale up food assistance programmes and social safety net programmes. The World Food Programme called for international solidarity and commended the Gulf Cooperation Council members for their generous contributions in the region.

Participants discussed the seriousness of the region-wide water shortage that has resulted from over-consumption, especially in agriculture. In this respect, the rural-

urban link is very apparent. Yet, with the existing food crisis, no plan is tenable that would reduce crop production, including pricing of water. Instead, different practices need to be implemented, including drip irrigation and recycling wastewater. It was stressed, however, that conservation is less costly than reuse technologies. Utilities can also work to cut water losses. The quality of drinking water must be considered with reporting on access.

Poverty remains one of the greatest enemies to the environment. The disproportionate impact of climate change on the urban poor was noted.

Because sustainable development requires the participation of all citizens, improving education and raising public awareness is imperative to empower them. The specific responsibility of local authorities in implementing policies and programmes was highlighted. Some participants pointed to successful practices by competent local authorities and said that their support and engagement is the best way to secure sustainability of an initiative. Yet it was observed that many local authorities need more training and experience, and are sometimes characterized by corruption. It was also observed that sometimes, when local authorities fail to deliver services, NGOs have filled the gap and financed infrastructure for poor neighborhoods.

Indeed, financing remains a formidable challenge; addressing the needs of the growing population will require substantial investment in cities and their infrastructure. Municipal budgets cannot cope with the scale of the need, and they require more and better instruments to raise capital.

It was emphasized that there was no one-size-fits-all solution to problems of infrastructure and services. Each country has particular challenges and needs that require demand customized solutions.

C. Panel 2: Green architecture for sustainable urbanization

Considering cities' impact on the environment, the panel on green architecture for sustainable urbanization examined how innovations in architecture and urban planning and in related technologies can help attain more sustainable urbanization.

Mr. Thomas Stelzer, Assistant Secretary-General for Policy Coordination and Interagency Affairs, UNDESA, opened the panel discussion, reminding participants that climate change and urbanization are strongly connected. Seventy five per cent of global energy consumption occurs in cities and eighty per cent of all greenhouse gas emissions that cause global warming come from urban areas. He recalled that rates of urbanization are accelerating. However, urbanization should not be viewed with suspicion; it offers many opportunities. For instance, urban centres support large populations in high concentration, which limits adverse impact on the natural environment. Mr. Stelzer asked speakers to address the

questions of whether smart growth can help cities in the region leapfrog to more sustainable urban settlements and if the requisite technologies are available; to describe the benefits that have so far been realized from deploying green architecture in Western Asia; and to consider whether lessons learned can be applied to less-affluent cities.

Laying the foundation for discussion, panellist Dr. Ali Abd Alraouf, Associate Professor of Architecture, University of Bahrain, examined recent trends related to cities and sustainability in the Gulf countries. In the past five to 10 years, Gulf cities have undergone radical change, manifested in three paradigms: (1) "Dubai-zation," characterized by an eruption of new, private shopping malls, gated communities, corporate headquarters and other high-profile, "iconic" projects; (2) "knowledge-fication", the creation of knowledge cities in Gulf countries, which aim to foster creativity and facilitate a knowledge economy and subsequent economic growth; and (3) "sustainable-ization" or movement towards environmentally friendly buildings and cities. Dr. Alraouf warned that the Dubai model is untested, and we have yet to observe the consequences on social life and the identities of local communities. He also cautioned against creating "sustainable bubbles," isolated from the greater society, which might be more marketing tool than credible concept.

Dr. Alraouf underscored that architects do not focus only on individual buildings but are interested in the bigger cityscape. Green architecture has taken the form of ultra-modern technology in iconic buildings, but mass production of green buildings is needed to go beyond the elite and increase the impact. There are also lessons to be learned from traditional building techniques that can be reinterpreted for modern times with great benefit. To secure the future of sustainable urbanization, the coming generations of architects and city planners must be educated to approach architecture as a tool by which quality of life can be enhanced. Incentives for developers, increased awareness by decision makers and improved capacity of local authorities are also needed to ensure that urban planning and architecture progresses sustainably.

Mr. Nicholas Bailey, Director Design Studio, WS Atkins and Partners Overseas, Middle East and India Region, Kingdom of Bahrain, presented a number of green projects within the region, describing the design elements and technologies that make the buildings more environmentally friendly. In the course of the presentation, he explained that active elements of green design, such as wind turbines and solar panels, are costly and generally produce relatively little gain. Passive elements, such as better windows and insulation, cost less but have greater impact. Most important is the form and orientation of housing – its proximity to work, shopping, and other common destinations. Architects, developers and other entities affect the design of buildings, but governments and their policies determine, to a great extent, the form and orientation.

Mr. Bailey also underscored that in urban design there is greater resource use in commuting and transportation than in construction and operation of buildings and that traffic congestion is a major issue for urbanization.

Mr. Samuel Keehn, Environmental and Sustainability Manager, Energy Management Services, United Arab Emirates, spoke of the need to broaden the scope from "iconic" buildings to make every building sustainable, including by retrofitting existing buildings. There is a substantial cost to building "green" and, it is not presently within the means of low- or middle-income families. He believes that it could become affordable in the future if demand was to increase and technology was to be further developed, but this remains a challenge to be overcome.

Policy on green architecture has developed differently in different markets; in some it has developed from the bottom up, and in others from the top down. Secondary policies, such as tariffs on water and electricity, subsidies for environmentally friendly technologies, land-use policies and alternative transportation options also affect planning and building decisions. Mr. Keehn reiterated that using individual vehicles as the primary mode of transportation is not sustainable, and it is imperative that master planning promotes alternatives to driving.

Mr. Parasuraman R. Ramachandran, Founding Vice-Chair of the World Green Building Council, Founding and Immediate Past Chairman of the Indian Green Building Council, and CEO of BMTC Dubai, described the role of the building industry in promoting sustainable urban development. He noted that conditions vary between developed economies (characterized by significant built space and high government regulation) and developing economies (where government and industry involvement has been lower and where markets for sustainable architecture are less developed). In India, the industry had taken it upon itself to adopt voluntary sustainability principles in order to operate in a socially responsible manner. As a result of its efforts, the total footprint of environmentally friendly buildings in the country has vastly increased.

Mr. Ramachandran acknowledged the overlap between poverty, affordable housing and sustainable architecture. He asserted that affordable housing, slum clearance and urban development should be subsets of green architecture, not vice versa. Although building and construction is a for-profit activity, it must involve all stakeholders – architects, designers, contractors, product manufacturers, governments and legislators – to ensure that it is also a sustainable activity. Comprehensive green rating tools provide an international benchmark of sustainability that enables comparison among buildings.

Regulators have an important role to play in governing policy and generating the framework within which the industry operates, as well as advocating for green standards, educating the industry and public on sustainability issues, and providing subsidies and incentives. Green Business Councils are themselves non-profit and guided by a cross-section of stakeholders. Mr. Ramachandran recommended that the region adopt a common green rating tool under the neutral guidance of a green building council located within the region.

In the ensuing discussion, participants emphasized the need for green architecture to be made available to the poor, stating that most green buildings to date have been erected for the rich. The challenge is to adapt sustainable features of the high-rise for the urban slum to accommodate low-income people. Mr. Keehn described efforts in the United States to develop affordable (to middle-class consumers), green, prefabricated housing, yet stressed that there must be sufficient demand from consumers (or government subsidies) for this to reach scale. Advocacy, pro-green policies and civil society support can help to generate demand. Much more work would have to go into developing sustainable housing for slum dwellers. However, it was noted that the carbon footprint of low-cost housing is presently small and that large high-rises were responsible for a much larger percentage of energy use. It was noted that new technologies are available to make the construction process – and not only the resulting building – more environmentally friendly.

Some interventions emphasized using traditional building techniques, technologies and materials in new buildings to improve their sustainability. The need to preserve the cultural heritage of cities was strongly stressed. Green certification schemes have been developed for existing buildings, encouraging owners to correct their patterns of over-consumption. City planning has to be tied to national planning processes, and this will be unique in every country.

D. Panel 3: Financing and technology transfer for sustainable development

Acknowledging the need for additional resources and means to promote sustainable urbanization, the panel on financing and technology transfer for sustainable development explored how governments and the commercial banking industry can mobilize resources and make available financial services to the urban poor. The panel also addressed the regional need for technology development and transfer.

Opening the panel, moderator Mr. Bader Omar Al-Dafa, Executive Secretary, UNESCWA, reiterated that mobilizing resources – public and private, domestic and international – and utilizing them effectively are priorities and pre-requisites for promoting sustainable development and sustainable urbanization. Islamic finance is one avenue with immense potential to shape developments in the Arab

region and other developing countries. Special attention should be paid to the urban poor, who are often marginalized both socially and financially.

Mr. Al-Dafa stressed the importance of South-South cooperation and public-private partnership in promoting technology transfer for sustainable development. The need to adopt and adapt suitable technology to meet regional challenges – especially those related to water scarcity and greenhouse gas emissions – is crucial. Sharing knowledge and best practices would be beneficial.

Panellist Mr. Khalid Hamad, Executive Director, Banking Supervision, Central Bank of Bahrain, stated that the application of basic principles of Islamic Shari'a bestow special significance on Islamic financial institutions. Islamic banks, *takaful* companies and investments funds constitute the primary players in steering regional investments in real estate, infrastructure, tourism, and the pharmaceutical, medical and telecommunication sectors. Their economic activities are not limited to the Arab region. Mr. Hamad indicated that Islamic banks have yet to explore more of the needs of people with low- to medium income; micro-finance and small-to-medium-size ventures are some areas that the financial industry sees as opportunities for development.

The Central Bank of Bahrain has nurtured the Islamic finance industry and facilitated appropriate supervisory and legislative foundations to assist its growth and development. Further, it has collaborated with the Islamic Development Bank and other stakeholders to create various support institutions necessary for the healthy development of the sector. The Central Bank also supported the development of the Bahrain Institute of Banking and Finance to provide banking and financial training and education in the region.

During the discussion, a participant noted that the Islamic financial industry has yet to develop the legal instruments to make it easy and inexpensive for the poor to procure loans. It was also suggested that governments or charities should be enlisted to provide guarantees on behalf of the poor. Mr. Hamad confirmed that such steps were being taken in Bahrain to introduce residential mortgages for certain qualifying individuals with the support of the Government. Banks alone cannot solve the problem of affordable housing; a joint venture between the public and private sectors is necessary to provide subsidized housing for the poorest. Efforts are underway to establish a microfinance bank in the Kingdom, and other organizations are being encouraged to offer microfinance facilities. Islamic banks are also being encouraged to reduce charges and fees to more reasonable levels.

A second panellist, Dr. Seyfeddin Muaz, Executive Vice-President, Royal Scientific Society, Jordan, provided a picture of the potential of the region to utilize and develop technology by presenting comparative statistics on R&D expenditure, scientific and technical journal articles published, patent applications

filed, share of high-technology exports in total manufacturing exports, adult literacy and internet penetration for the Arab region. He stated that the region, in general, must step up efforts to improve the quality of education and increase investment in science. Challenges that inhibit the use of technology in the region include a low literacy level and low enrolment in higher education, a high population growth rate, low R&D expenditure, non-competitive industry and knowledge-producing institutions, limited private sector R&D and innovation activities, weak linkages between industry and university, and brain drain.

Dr. Muaz recommended that, at the policy level, governments must develop eco-based strategies, ensure that the legislative framework promotes clean technologies, and provide incentives (tax cuts, subsidies, etc.) that encourage the adoption of environmentally friendly technologies. At the technical level, governments must support programmes that ensure capacity-building in cleaner technologies and environmentally sound practices, especially in improving the management of water use and increasing energy efficiency, and also develop technical capacity through cooperative programmes for technical knowledge transfer in cleaner production and cleaner technologies. Furthermore, building codes and technical standards are useful tools that should be adopted to control construction and secure funding.

Awareness-raising at the professional level and intensive training for youth may also strengthen the region's capacity to absorb technologies and develop home-grown innovation. There should also be support for entrepreneurship and the creation of incubators to nurture ideas and creativity. He advised that, rather than try to compete in R&D with developed countries, the region should focus on building the capacity to successfully transfer technologies to meet local needs and to concentrate on developing expertise on issues and challenges most relevant to the country or region. Nations in the region could learn from others that have developed strong science and technology policies, such as Malaysia and the Republic of Korea.

Action is also necessary on the financial level. Dr. Muaz emphasized that funding must be made available through government budgets and development partners, as well as by establishing green funding mechanisms by Islamic banking institutions, such as green credit and venture capital to fund good ideas and R&D. National and regional award systems may also encourage the development of sustainable technologies.

A participant underscored the urgent need for funding: an estimated $300 billion to $400 billion is needed to finance adaptation to and mitigation of climate change. Developing countries do not have the resources to buy or develop technologies to meet this challenge.

III. Conclusions and recommendations

Owing to economic, social and political disparities within the region, different approaches should be pursued to address the various priorities countries face in pursuing sustainable urbanization. Solutions to the challenges should be country-specific; it is not possible to simply import them from other regions of the world.

Sustainable urban development requires a holistic approach, entailing a good mix of legal frameworks, economic incentives, awareness and urban design. Investment is required so that governments can increase access to transport, provide secure land tenure, mobilize financial resources for sustainable development and bridge the gap between urban and rural areas, as well as among neighbourhoods within cities and towns. In this respect, the Islamic banking industry should take on a bigger role in promoting sustainable development. The private sector and infrastructure and service providers are urged to heed poor urban communities and to provide them with sustainable services and housing at prices they can afford. Cooperation and collaboration are essential to streamlining processes and reducing duplication of efforts among various stakeholders.

People are the foundation of good urban planning and effective long-term design for urban infrastructure, and they must be empowered to fulfill their role. Participatory planning and management of cities is imperative. Local authorities need to be involved as enablers, yet all partners must come together in a full and fair partnership to generate effective solutions. Local communities must be involved throughout the entire process of planning for and managing urban development, and their voices should also be heard at international conferences on related subjects.

There must be an improvement in institutional capacity to plan, monitor and coordinate sustainable development, including through public-private partnership. Accurate statistics and information (and concomitant capacity-building to gather and analyse the data) are necessary to provide a basis for informed urban planning and development.

All stakeholders in the region need to take action to address unsustainable patterns of consumption of natural resources, especially of water. Conservation practices need to be implemented in agriculture, including drip irrigation and recycling wastewater. Utilities should also work to cut water losses. While it is important to ensure an adequate quantity of water, governments must guarantee its quality as well.

The current food crisis reinforces the importance of rural-urban linkages. Immediate action is necessary to scale up food assistance programmes and social safety net programmes. In the medium to long term, Governments, in partnership

with the private sector, must develop eco-based strategies that support research and development to utilize appropriate and affordable technology to mitigate and adapt to climate change, which affects the poor first and most, especially women. Governments must support technical programmes that ensure capacity-building in cleaner technologies and environmentally sound practices. They should also promote entrepreneurship and the creation of incubators to nurture ideas and creativity. Urban agriculture initiatives could be an important part of the solution, by, among other things, turning urban waste into productive resources, positively impacting the greening of cities, improving the urban micro-climate, reducing the ecological footprint of the city, and contributing to food security and better nutrition.

Green architecture must be seen in the larger context of urban planning and not in terms of isolated projects. There is a need to both scale up and scale out the quantity and types of green solutions, especially to pay greater attention to providing the poor with environmentally friendly housing. Green buildings remain too costly to be accessible to a wide swath of the population; efforts should be taken to increase demand so that they may become more affordable. Traditional building techniques should not be overlooked. Direct mandates, an exchange of information between governments and private sector actors, and appropriate secondary policies would all help to encourage the spread of sustainable architecture. Rating tools play an important role in setting and publicizing green standards. Environmental assessment is also a useful tool to manage environmental impact.

Regional cooperation is essential to addressing many of the challenges associated with urbanization. The exchange of good practice and information among countries at the regional and sub-regional levels is essential. Pilot projects within cities would provide solid lessons and encourage other neighbourhoods and cities to follow.

All actors must not only address the challenges of today, but also plan for the future. Strategies at all levels must integrate policies in the economic, social and environmental fields in a coherent and sustainable manner. Plans must protect cities' cultural heritage.

In addition to these conclusions, attention was also drawn to the issue of violence against women. It was conveyed that women are disproportionately affected by urban violence, which enhances women's feeling of insecurity that, in turn, produces limitations on their mobility and autonomy. Urban strategies and gender-sensitive municipal planning that will improve women's safety need to be formulated by including a gender perspective in public security policy. Awareness-raising and training can serve to create an environment where citizens and government officials are sensitized to violence against women in urban settings.

A number of recommendations were offered for consideration by the Economic and Social Council and actors within the region:

To address the challenges of urbanization, governments must develop country-specific approaches that reflect their development priorities.

Planning for sustainable urbanization requires an integrated policy approach that involves all relevant stakeholders, including national governments, city and municipal governments, community representatives, NGOs and members of the private sector.

To improve decision-making and management, capacity-building is essential for local authorities and municipal planners, as well as community members. Accurate statistics must also be collected and made available to policy-makers.

Governments must leverage new investment in urban infrastructure to cope with population growth and increasing urbanization. Municipalities require more and better instruments to raise capital.

Encourage Islamic banks and other commercial banks to increase their role in financing projects that will contribute to sustainable development, including through providing "green credit" and venture capital to promote sustainable urbanization. Islamic banks and other commercial banks are encouraged as well to develop financial products of relevance to low-income customers, including government-backed mortgages and micro-loans.

Governments must ensure that drinking water is available to slums and meets quality standards.

Immediate action must be taken by all stakeholders in the region to address unsustainable patterns of consumption of water, including implementing conservation practices in agriculture and cutting losses in water delivered by utilities and in industrial use.

Governments, in partnership with the private sector, should support research and development to utilize appropriate and affordable technologies to mitigate and adapt to climate change, as well as technical programmes to build capacity in cleaner technologies and environmentally sound practices.

Architects, developers and other actors in the construction industry, with support from governments, should scale up and scale out the quantity and types of green building solutions, incorporating traditional knowledge and materials as well as new technologies, especially to ensure sustainable housing for the poor. They should also pursue socially responsible policies and

practices, particularly with labour employed for construction and maintenance of buildings.

Governments should provide an enabling environment to encourage the spread of green architecture. However, this should be promoted as part of overall planning for sustainable cities.

The ESCWA region should adopt a common green rating tool under the neutral guidance of a Green Building Council.

UNESCWA should incorporate the outcome of this meeting into its work and take a leading role to see through some of the proposed actions.

ECOSOC should consider "sustainable urbanization and the reduction of urban poverty" as a cross-cutting pillar in its deliberations so that the urban dimension will be incorporated in all the Council's analysis and recommendations.

Enclosure

Presentations of best practices and new initiatives to promote sustainable urbanization

1. Mr. Ayman Abu Laban, Gulf Area Representative, United Nations Children's Fund (UNICEF), presented the Child Friendly Cities Initiative. The Initiative aims to encourage an approach to local development that promotes awareness of children's rights and increased commitment to their safeguard at local level. Strategies include supporting government efforts to strengthen local government and local governance in urban and rural areas. UNICEF has promoted in-depth reporting by city governments on the implementation of the initiative.

2. Dr. Muhammad Al-Sayrafi, Vice Chairman, Qatar Foundation, provided an overview of the project on 'Healthy and Environmentally Sound Housing' implemented by the Friends of the Environment of Qatar, the Qatar Foundation and the Government of Qatar. The project explores ways to integrate the issues of health and the environment in the area of housing and to create a holistic approach to housing, both public and private. The project is pursuing a number of deliverables, including: the Qatar codex for building standards and spatial planning, a global declaration or a convention on the same incorporating the principles expressed in the vision for the project, cutting-edge research and science delivered including best practices, a centre of excellence on healthy and environmentally sound housing, and a ten-year strategy to follow up some or all of the above.

3. Mr. Ghassan Samman, Head of Media and Foreign Affairs Department, Arab Towns Organization, Kuwait, focused on the partnerships that have been fostered by the organization, which has a membership of more than 400 towns in the Arab world. The organization works with governments, local authorities, the heads of municipalities and municipal councils, NGOs, universities and research centres, financial institutions, the United Nations and the private sector to promote sustainable urbanization. Together, the stakeholders develop and disseminate frameworks for good governance of cities and towns that promotes sustainable economic and social development, while also preserving cultural heritage. The Organization has created a fund through which it grants money to towns and cities to finance projects they could not otherwise afford.

4. Citing the increasing pressure being placed upon water resources in the region (with as much as 40% of the water demand in the Middle East stemming from the industrial and municipal sectors due to the present construction boom) as an impetus for his organization's work, Mr. Jeff Stephenson, Chief Operating Officer and Vice President of Oryx Enterprises, Qatar, presented a new construction technology that will enable the industry to save billions of gallons of water. The technology is a 100% environmentally friendly alternative to using water for

curing concrete that provides the same results as 14-day water curing without sacrificing quality, time or cost. It enables the world's contractors to produce high-quality, long-lasting concrete structures faster and easier without wasting water or creating waste and pollution.

5. Mr. Sayed Aqa, UN Resident Coordinator and UNDP Resident Representative, Kingdom of Bahrain, stressed the importance of good governance to promote sustainable urbanization, which necessarily includes participation by civil society, the media and other stakeholders. Governments have lately been shifting from provider of services to enabler of development, allowing other stakeholders to expand their roles. Mr. Aqa named a few examples of good practice, including efforts by the City of Nablus, West Bank, to improve the urban environment by relocating industry and upgrading the city centre; UNDP Nepal's 39 Public-Private Partnerships for the Urban Environment (PPPUE) active in five municipalities; and UNDP's Local Initiative Facility for Urban Environment (LIFE), a small grants programme that provides support for small-scale activities that address local urban environmental problems in developing countries.

6. Dr. Habib N. El-Habr, Director and Regional Representative, United Nations Environment Programme (UNEP), Regional Office for West Asia, showcased the Partnership for Clean Fuels and Vehicles (PCFV). The partnership comprises more than 100 organizations from the private sector, governments, NGOs and international organizations working together to promote better urban air quality in developing countries through cleaner fuels and vehicles. The Partnership has seen excellent progress, especially in the areas of the phase-out of leaded gasoline and the reduction of sulphur levels in fuels. The Partnership is working closely with the GCC in pursuit of its goals in the sub-region, as well as with national governments in several Western Asian countries.

7. Dr. Eduardo López Moreno, Chief, State of the World's Cities Section, Monitoring and Research Division, United Nations Human Settlements Programme (UN-HABITAT), provided a brief overview of several best practices from within the region that exhibit a rare combination of innovation, partnership and good governance. Among them were the Bahrain National Urban Observatory, the Special Human Settlements Programme for the Palestinian People, Egypt's National Urban Planning and Development Programmes and the Sustainable Ismailia Governorate Programme (Egypt).

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Letter dated 23 June 2008 from the Permanent Representative of the United Republic of Tanzania to the United Nations addressed to the President of the Economic and Social Council

I have the honour to transmit herewith the national report of the United Republic of Tanzania, entitled "Implementation of the national development strategies to achieve the internationally agreed development goals", for the annual ministerial review to be held during the high-level segment of the 2008 substantive session of the Economic and Social Council (see annex).

I would be very grateful if you could circulate the present letter and its annex as a document of the Economic and Social Council, under item 2 (c) of the provisional agenda.

(*Signed*) Augustine **Mahiga**
Ambassador

* E/2008/100.

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Annex to the letter dated 23 June 2008 from the Permanent Representative of the United Republic of Tanzania to the United Nations addressed to the President of the Economic and Social Council

National report of the United Republic of Tanzania

Implementation of the national development strategies to achieve the internationally agreed development goals

Facilitating consultants:
Prof. Samuel Wangwe
Mr. Godwill G. Wanga

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List of abbreviations

ACP	Africa, Caribbean and Pacific
ADB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AMR	Annual Ministerial Review
ARI	Acute Respiratory Infections
ARVs	Anti Retrovirals
ASDP	Agricultural Sector Development Programme
ATM	Aids, Tuberculosis, and Malaria
BEST	Basic Education Statistics of Tanzania
CBO	Community Based Organization
CSO	Civil Society Organization
D by D	Decentralization by Devolution
DADP	District Agricultural Development Plan
DASIP	District Agricultural Strategy and Investment Plan
DDC	Developed Countries
DGC	Developing Countries
DHS	Demographic and Health Survey
DP	Development Partner
EAC	East African Community
ECOSOC	Economic and Social Council
EIA	Environmental Impact Assessment
EmOC	Emergency Obstetric Care
EPA	Economic Partnership Agreement
FBO	Faith Based Organization
FDI	Foreign Direct Investment
GBS	General Budget Support
GDP	Gross Domestic Product
GESP	Girls Secondary Education Support Project
GNP	Gross National Product
GoT	Government of Tanzania
HBS	Household Budget Survey
HIPC	Highly Indebted Poor Countries

HIV	Human Immunodeficiency Virus
IADG	Internationally Agreed Development Goal
ICT	Information and Communication Technology
IDA	International Development Agency
IFI	International Financial Institution
IMCI	Integrated Management of Childhood Illnesses
IMF	International Monetary Fund
IPT	Intermittent Preventive Treatment
ITN	Insecticide-Treated Nets
JAST	Joint Assistance Strategy for Tanzania
LDC	Least Developed Country
LGA	Local Government Authority
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative Fund
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MKUZA	Mkakati wa Kuondoa Umaskini Zanzibar
MMS	MKUKUTA Monitoring System
MoEVT	Ministry of Education and Vocational Training
MPEE	Ministry of Planning, Economy and Empowerment
MTEF	Medium Term Expenditure Framework
NACSAP	National Anti-Corruption Strategy and Action Plan
NBS	National Bureau of Statistics
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
NPES	National Poverty Eradication Strategy
NSA	Non-State Actor
NSGRP	National Strategy for Growth and Reduction of Poverty
ODA	Overseas Development Assistance
PEDP	Primary Education Development Programme
PHDR	Poverty and Human Development Report
PMCT	Prevention of Mother to Child Transmission
PMO	Prime Minister's Office

PMS	Poverty Monitoring System
PPP	Public-Private Partnership
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
RALG	Regional Administration and Local Government Authorities
SACCOs	Savings and Credit Cooperatives
SEDP	Secondary Education Development Programme
TB	Tuberculosis
THIS	Tanzania HIV and AIDS and Malaria Indicator Survey
TIC	Tanzania Investment Centre
TPRI	Tanganyika Pesticides Research Institute
TRCHS	Tanzania Reproductive and Child Health Survey
TWG	Technical Working Group
UN	United Nations
UNCDD	United Nations Convention to Combat Desertification
UNDA	United Nations Development Agenda
UNDP	United Nations Development Programme
UNF	United Nations Foundation
URT	United Republic of Tanzania
USD	United States Dollar
VAS	Vitamin A Supplementation
VCT	Voluntary Council and Testing
WB	World Bank
WHO	World Health Organization
WTO	World Trade Organization
ZPRP	Zanzibar Poverty Reduction Plan
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty

Executive summary

1. National policies in Tanzania are categorized into the long term national development strategy known as Vision 2025, the medium term national poverty reduction strategies and specific sector or cross sector policies.

2. Having dwelled on macroeconomic stabilization for a decade, Tanzania started to address poverty as a major policy concern in 1996 within the framework of the macroeconomic policies which were being implemented. These initiatives started with the formulation of the National Poverty Eradication Strategy (NPES) in 1997 and the subsequent PRSP process in 1999 and 2000 which produced the Poverty Reduction Strategy Paper (PRSP) and Zanzibar Poverty Reduction Plan (ZPRP) in order to gain access to the HIPC debt relief resources.

3. The lessons learned from the first generation of the poverty reduction strategy were carried forward into the second generation of poverty reduction strategy. The preparation of the second generation of PRS paid greater attention to growth and governance as well as to results and outcomes.

4. The GDP growth rate in recent years has averaged about 7% per year. With such an average GDP growth, Tanzania is well on the way to achieving the 8 – 10 per cent growth per annum that would be required to achieve the MDGs. The concern is that growth has not been sufficiently broad and income inequality increased slightly, mainly in urban areas and the gap between urban and rural incomes may have increased.

5. While the availability of food as measured by the proportion of people with access to basic calorie intake is high, malnutrition in children under five years old persists.

6. Gross Enrolment Ratio and Net Enrolment Ratio of both boys and girls show that universal primary education has been achieved with gender parity achieved. However, the target of eliminating illiteracy by 2015 remains challenging particularly for rural women.

7. There are still gender disparities in enrolment at upper secondary and tertiary levels of education.

8. Census data and those from surveillance sites suggest a decline in both infant and under-five mortality rates.

9. The maternal mortality situation has not improved in Tanzania.

10. HIV prevalence in adults is estimated at 7 per cent of the population (7.7 per cent for females and 6.3 per cent for males). The good news is that for all ages there has been a significant decline in the prevalence rates.

11. Environmental concerns have also been mainstreamed in the MKUKUTA/MKUZA, and sectoral policies have been reviewed to incorporate environmental concerns and the management of biodiversity in particular.

12. Tanzania is on track to achieving the target of access to safe drinking water with the coverage going up from 68% in 2000 to 73% in 2003-5 for urban areas and from 49% in 2000 to 53% in rural areas in 2003-5.

13. The fast rate of urbanization has continued to put pressure on lives of slum dwellers.

14. Tanzania is highly depending on foreign aid to finance its development activities. The budget support mechanism has improved predictability of external resource inflows and therefore improved budget planning and execution. The development of a framework for co-operation which culminated in the preparation of Tanzania Assistance Strategy (TAS) and later upgraded into the Joint Assistance Strategy for Tanzania (JAST) has become a main guide in aid management.

15. Recognizing the risk of falling behind on the target of achieving decent employment and youth employment in particular, Tanzania has introduced an employment creation programme.

16. Key challenges are identified as follows: (i) underfunding is the main challenge of all sectors of the Tanzania economy; (ii) progress has been made in poverty reduction but progress in this area needs to be stepped up to combat both the large proportion of the rural poor as well as meet the rising challenges of urban poverty; (iii) achievements in education need to be better linked to the changing demands of the labour market; (iv) gender inequality continues to be a major challenge at higher levels of education and in terms of economic empowerment while maternal health care remains an area of great concern; (v) child and maternal mortality are still high posing a major to the health system as a whole. These health challenges are compounded by the HIV and AIDS epidemic; (vi) HIV and AIDS pandemic has been declared as catastrophe in Tanzania; (vii) the environmental sustainability challenges have increased in almost all dimensions due to low general level of education and inadequate attention to developing alternative sources of energy for use especially in rural areas.

17. Lessons learned as considered in three main categories: poverty reduction, governance and accountability and managing aid relationships.

18. As regards poverty reduction processes, lessons from the first generation of poverty reduction processes indicate that consultation is important for subsequent positive impact of policy, growth is a necessary (but not sufficient) condition for poverty reduction in medium and long term and that it is important to development a comprehensive monitoring system.

19. As regards governance and accountability, these are underlying conditions for growth and reduction of income poverty, reduction of poverty and improved quality of life and social well-being in Tanzania.

20. The Tanzania experience with managing aid relationships brings to the table lessons on ownership, policy space, firmness, managing for results, collective action and exit strategy.

21. Given the magnitude of the IADGs/MDGs interventions, the government requires a substantial amount of resources. The key objective of resource mobilization is to make aid commitments more predictable so that Tanzania can implement its national programmes to achieve the IADGs/MDGs.

22. In conclusion, the URT government has achieved significant successes in universal education, gender equality in primary and secondary education and reduction in child mortality. Considerable achievement has been made in improving aid relationships as part of the global partnerships. The introduction of the Independent Monitoring Group as a mutual accountability mechanisms has helped to make progress in this area. Encouraging progress is being made in attaining targets for safe water for drinking and sanitation. Improved network and performance of health facilities and water supply and sanitation infrastructure in the country has contributed to the positive results.

23. However, there are some areas where progress has been modest making it unlikely that the MDGs will be achieved. Tanzania is unlikely to achieve MDGs in the areas of poverty and malnutrition, maternal health, improving life in slums, environment and decent employment especially among the youth unless new initiatives are taken to change the current trends. Hunger and malnutrition challenges are been aggravated by the current food price increases in the world market. However this could be an opportunity for Tanzania, being a largely agricultural economy provided adequate supply response in agriculture can be achieved.

SECTION 1: INTRODUCTION

1.1 Background

24. The 2005 World Summit mandated the United Nations Economic and Social Council (ECOSOC) to undertake an annual ministerial-level substantive review (AMR) of progress in the implementation of the internationally agreed development goals (IADGs), including the MDGs. Tanzania has volunteered to make such a presentation in order to share its experiences.

SECTION 2: OBJECTIVES AND METHODOLOGY

2.1 Objectives

25. The aim of the National Report is to examine and provide an assessment of the implementation of the national development strategies to achieve the internationally agreed development goals (IADGs) and objectives, including the Millennium Development Goals (MDGs) in order (a) to enable the development community to understand a country's policies and circumstances; (b) to provide feedback to the country on its performance; and (c) to share lessons learned and replicable successful policies and good practices.

2.2 Methodology and Approach

26. This report has been prepared in a participatory manner. The first draft report was prepared by a team of officials facilitated by the consultant which was then subjected to discussion in a national workshop where a broader body of stakeholders from the civil society and the private sector participated and provided their inputs.

SECTION 3: THE MAIN FEATURES OF IADGs

27. The historic United Nations conferences and summits held in the 1990s and 2000s generated an unprecedented global consensus on a shared vision of development (Annan, 2005)[1]. That broad-based framework in turn laid the groundwork for the Millennium Summit at which a series of challenging time-bound goals and targets were adopted and collated as Millennium Development Goals (MDGs) designed to meet the needs of the world's poorest are being pursued as part of a "larger development agenda" that also encompasses the needs of middle income developing countries, questions of growing inequality, and the wider dimensions of human development.

[1] Annan, Kofi. Towards Achieving the Internationally Agreed Development Goals, including the MDGs. Document E/2005/56 presented to ECOSOC, New York, 2005.

SECTION 4: THE NATIONAL DEVELOPMENT STRATEGY

4.1 Key National Development Policies

28. National policies in Tanzania are categorized into the long term national development strategy known as Vision 2025, the medium term national poverty reduction strategies and specific sector or cross sector policies.

4.1.1 Vision 2025

29. The national development strategy in Tanzania is guided by Development Vision 2025 which was produced in 1998. The goal of Vision 2025 is to transform Tanzania from a least developed country to a semi-industrialized, middle income country with a high level of human development free from abject poverty by 2025 and a high productivity agriculture that is well-integrated into the rest of the economy.

30. Tanzania of 2025 is envisaged to be imbued with five attributes: high quality of livelihood; peace, security and unity; good governance and rule of law; a well educated and learning society; and a strong and competitive economy.

31. A major concern of Vision 2025 is about implementation. It is in this context that Vision 2025 states that it is essential to review progress of implementation every five years to gauge progress and make the necessary adjustments. Hence, the five year National Strategy for Growth and Reduction of Poverty (or MKUKUTA a popular Swahili acronym) was in place in 2005 and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP) in 2006 or Mkakati wa Kuondoa Umaskini Zanzibar (MKUZA, a more popular Swahili acronym).

4.1.2 Poverty Reduction Strategies

32. Having dwelled on macroeconomic stabilization for a decade, Tanzania started to address poverty as a major policy concern in 1996 within the framework of the macroeconomic policies which were being implemented. These initiatives started with the formulation of the National Poverty Eradication Strategy (NPES) in 1997. These initiatives coincided with the requirement to prepare the Poverty Reduction Strategy Paper (PRSP) which was partly tied to HIPC debt relief funds. Tanzania responded quickly to the demand to prepare Poverty Reduction Strategy Paper (PRSP) and Zanzibar Poverty Reduction Plan (ZPRP) in order to gain access to the HIPC debt relief resources.

(i) PRSP: First Generation

33. The concepts of Poverty Reduction Strategy Papers (PRSP) and Zanzibar Poverty Reduction Plan (ZPRP) have introduced a new dimension of integrating the poverty concern in the policy making process of indebted countries with the underlying principles of ownership and leadership, participation, a multidimensional conception of poverty, and the linkage of poverty to debt relief.

34. The PRSP and ZPRP processes made the availability of resources for poverty reduction more predictable, and in general, there was a significant improvement in public expenditure management and the poverty reduction strategy was subjected to reviews annually since 2000 giving room for improvements as lessons were being learned in the process of implementation.

35. However, questions have been raised on the effectiveness of the PRSP/ZPRP approaches. The lessons learned from the first generation of the poverty reduction strategy were carried forward into the second generation of poverty reduction strategy.

(ii) Second Generation PRS: MKUKUTA and MKUZA

36. Drawing lessons from experience with PRSP/ ZPRP, the preparation of the revised PRS known as National Strategy for Growth and Reduction of Poverty (NSGRP) and Zanzibar Poverty Reduction Plan (ZPRP) have made important improvements compared to the earlier PRSP and ZPRP in putting greater emphasis on growth and income poverty reduction, replacing "priority sectors" approach with "Priority outcomes", increased focus to governance issues, integration of MDGs policy actions into cluster strategies, greater mainstreaming of cross cutting issues and extending the period required for a comprehensive review of the strategy from 3 to 5 years.

4.1.3 Key Sectoral Policies

(i) Central Government Level

37. The URT Government has various more sector specific or issue specific policies usually accompanied by their implementation strategies.

(ii) Local Government Level

38. Following the decentralization policy of 1998 there has been a deliberate move to devolve power to the districts. Being a least developed country, Tanzania economy is heavily dependent on agriculture. The District Development Plans and in particular the District Agricultural Development Plans (DADPs) are very

crucial for development of agriculture which caters for the livelihood of 70% of the people of Tanzania.

4.2 Progress in Implementation

39. Taking stock of recent developments in management of the economy and drawing from the experience of the PRS process it can be observed that good progress has been made in three areas: deepening participation, moving towards a development framework and developing a monitoring system.

40. First, participation in the process of policy making and development management has been broadened and deepened over time. Participation of various groups in society has therefore become an accepted practice in recent policy making initiatives.

41. Second, the PRS process has become an important framework for coordination of poverty reduction strategies as an essential part of development within the Government regarding poverty reduction initiatives in Tanzania.

42. Third, the poverty monitoring system that was adopted for monitoring PRS in 2001-2004 has evolved into MKUKUTA/MKUZA Monitoring System (MMS) in 2006. The new monitoring system was adapted to the broader mandate and coverage of MKUKUTA/MKUZA especially its result orientation and deeper integration of MDGs into the national indicator set.

SECTION 5: SCOPE OF ACHIEVEMENT AND KEY STRATEGIC SUCCESSES IN IMPLEMENTATION OF NATIONAL DEVELOPMENT STRATEGIES

5.1 Scope of Achievement

5.1.1 Goal 1: Eradicate Extreme Poverty and Hunger

(i) Extreme Poverty

43. The GDP growth has averaged 6.2 for nine years period and 7.2 in the last five years. With such an average GDP growth, Tanzania is well on the way to achieving the 8 – 10 per cent growth per annum that would be required to achieve the MDGs. Recent data shows that the number of people living below the poverty line has declined from 50% of the population to 35.9 per cent. Food poverty has decreased from 22 per cent to 19 per cent.

44. The poverty challenge has been incorporated in the national development framework starting with Vision 2025 (for Mainland) and Vision 2020 for Zanzibar. The first generation of PRS addressed poverty and the second generation of PRS

(NSGRP/ZSGRP) placed more emphasis on growth and good governance as a means to reduce poverty.

45. The challenge of poverty eradication is manifested in three dimensions: raising the level of growth to 8-10 per cent; translating growth into poverty reduction; and addressing income disparities.

(ii) Hunger

46. While the availability of food as measured by the proportion of people with access to basic calorie intake is high, malnutrition in children under five years old persists. The proportion of underweight children has been falling over time.

47. The prospects of achieving this target are likely to be reduced by recent developments in food prices rises in the world market. While Tanzania is an agricultural economy the supply response is likely to be slow due to capacity problems.

5.1.2 Goal 2: Achieve Universal Primary Education

48. Gross Enrolment Ratio and Net Enrolment Ratio of both boys and girls including children with disabilities at primary schools have also increased from 112.7 per cent and 96.1 per cent in 2006 to 114.4 per cent and 97.3 per cent in 2007, respectively. There is near gender parity with regard to enrolment of girls and boys at the primary school level.

49. Implementation of the Primary Education Development Programme (PEDP) and the removal of school fees at primary school level played a critical role in raising the enrolment rates in the country.

5.1.3 Goal 3: Promote Gender Equality and Empower Women

50. In year 2006, out of 243,359 students enrolled in Form I, 116,709 (47.96 per cent) were females while 126,650 (52.04 per cent) were males, a near gender balance at entry. However, enrolment of girls drops substantially after Form IV. For other levels, especially tertiary, the women represent around 30% of the total enrolment, the figure which correlate to women positions in the URT government.

51. In the Mainland, the number of women Ministers increased from 11 per cent to 15 per cent between 1995 and 2005, while women Permanent Secretaries increased in number from one in 1995 to seven in 2005.

52. Good progress has been made in gender budgeting. However, one area where further action is needed is in promoting women entrepreneurs and women in business in general.

53. The URT has amended and is implementing the Constitution's provision for a minimum of 30 per centof women members of parliament in the National Assembly.

5.1.4 Goal 4: Reduce Child Mortality

54. Both infant and under-five mortality rates have declined. Under-five mortality decreased from 191 per a thousand live births in 1990 to 133 in 2005 in the Mainland. Infant mortality also declined from 115 (1990) to 68 (2005).

55. The government has developed strategies that aim at reducing infant mortality and child mortality, especially malaria-related morbidity and mortality. Programmes include improved vaccination coverage, availability of services including drugs at the time of need, Integrated Management of Childhood Illnesses (IMCI) rolled-over to all districts.

5.1.5 Goal 5: Improve Maternal Health

56. Maternal mortality situation has not improved with estimated maternal mortality rate from 2004 data being higher than that from the 1999 i.e. 578 and 529. Overall, there is little change in the proportion of births attended by skilled health personnel (41 per cent in 1999 and 46 per cent in 2004), and births taking place in health facilities are still modest (44 per cent in 1999 and 47 per cent in 2004).

57. The negative trend in maternal mortality on Mainland is compounded by the impact of the HIV and AIDS epidemic, poor health due to malnutrition and gender based violence.

5.1.6 Goal 6: Combat HIV and AIDS, Malaria and other Communicable Diseases

58. HIV prevalence in adults is estimated at 7 per cent of the population (7.7 per cent for females and 6.3 per cent for males). Based on HIV prevalence among the population of women attending antenatal clinics, it is clear that for all ages there has been a significant decline in the prevalence rates. The prevalence declined from 9.6 per cent in 2001/02 to 8.2 per cent in 2005/06. With the introduction of ARVs in more than 200 health facilities in 2006/07, 48 per cent of the targeted number of people was receiving treatment.

59. The URT government has launched the national campaign for voluntary HIV screening which will enable victims to act faster in taking ARVs and/or in avoiding further transmission.

60. Patients with HIV and AIDS-related conditions occupy more than 50 per cent of the hospital beds in Tanzania. The challenge is to address the improvement of the health system as a whole instead of focusing on individual diseases only.

5.1.7 Goal 7: Ensure Environmental Sustainability

(i) Sustain Environmental Resources

61. The proportion of people using solid fuels has not declined instead it has increased suggesting little progress in developing alternative sources of energy for these users.

62. Tanzania has an Environmental Management Act and has in place Environmental Impact Assessment (EIA) regulations and guidelines and other instruments to enforce conservation of the environment in Tanzania. The government faces the challenge of enforcement of the regulations that are in place.

63. The URT government is committed to promoting public participation in environmental management activities including implementation of the National Tree Planting Campaign. Furthermore, the government is regulating the utilization of forest products although enforcement continues to be a major challenge.

(ii) Access to Safe Drinking Water

64. Tanzania is on track to achieving the target of access to safe drinking water with the coverage going up from 68% in 2000 to 73% in 2003-5 for urban areas and from 49% in 2000 to 53% in rural areas in 2003-5. By 2006, 55.7 per cent of rural households and 78 per cent of urban households in the Mainland had access to improved water sources. Sanitation has improved with a high proportion of households (87 per cent) having toilet facilities.

65. Availability of potable water is a priority of the government and communities at large. Water policies are in place to guide development, distribution and equitable access. Community committees take charge of water infrastructure maintenance and distribution and work closely with the governments to ensure that there is equity and fairness in the access and use as well as affordability. Sustainability is in-built from design of water projects through community participation, ownership and cost-sharing.

66. The challenge is to consolidate community participation in water management and mobilize additional public resources to ensure improved water supply coverage in Tanzania.

(iii) Improvement in Lives of Slum Dwellers

67. The fast rate of urbanization has continued to put pressure on lives in slum dwellers. Progress that has been made does not seem to cope with the fast rate of urbanization as yet. The main challenge is to increase the rate of improving human settlements in slums to cope with the high rate of urbanization.

5.1.8 Goal 8: Develop a Global Partnership for Development

(i) Managing Aid Relationships

68. Tanzania is highly depending on foreign aid to finance its development activities. For instance, the external resources have increased from about $1.1 billion in 2000 to about $ 1.7 billion in 2005, provided in the form of direct budget support, moving away from project support. The budget support mechanism has improved predictability of external resource inflows and therefore improved budget planning and execution. In a situation of high aid dependence prudent management of aid relationships is particularly important. Tanzania has accorded high priority to the management of aid relationships.

69. When in the early 1990s differences between donors and the Tanzania government emerged, the response was to establish an independent mechanism for addressing this impasse. This was to become a significant framework for managing aid relationships. In 1994 the GOT and donors jointly appointed a team of five experts that was led by Prof. Helleiner of the University of Toronto. The recommendations of the report pointed to action by both sides. These recommendations were discussed in a workshop between GOT and donors (January 1997) on the basis of which 18 points of action were agreed upon on how to improve the deteriorated aid relationships and how each side was to perform to make aid more effective. The 18 agreed points of action later formed the basis of elaboration of a framework for co-operation which culminated in the preparation of Tanzania Assistance Strategy (TAS) from 1998/99 which was finally published in 2002 following many sessions of dialogue and refinements. TAS was meant to be a framework for partnership and strengthening donor coordination, harmonization, partnerships and national ownership in the development process. In 2006, TAS was upgraded into the Joint Assistance Strategy for Tanzania (JAST).

70. The government and development partners have put in place a mechanism for discussing the IMG reports and following up on agreed points of action.

71. The Tanzania experience with mutual accountability under the Independent Monitoring Group provides some lessons which can be shared with other aid receiving countries. Six lessons can be drawn from the Tanzania experience.

(ii) Sustainable Debt Management

72. Tanzania is among the Highly Indebted Poor Countries (HIPCs) that benefited from Multilateral Debt Relief Initiative Fund (MDRI), an initiative aimed at cancelling debts owed by HIPCs. Debt relief released resources for development and poverty reduction (URT, 2005).

(iii) Development of Decent and Productive Work for Youth

73. The URT government is committed to reduce unemployment rate (13% in Tanzania Mainland and 7% in Tanzania Zanzibar as per their respective data of 2000/01 and 2005 surveys. URT (2007) indicated that unemployment rate declined from 12.9 per cent in 2005 to 11 per cent in year 2006. A total of 27,244 enterprises were given loans countrywide through National Empowerment Funds for the purpose of reducing unemployment and income poverty.

74. Recognizing the risk of falling behind on the target of achieving decent employment and youth employment in particular, Tanzania has introduced an employment creation programme that has four component programmes: stimulating and facilitating private investment in the private sector enterprises of all sizes – micro, small, medium and large enterprises; public investments in the form of public investment programmes on their own or in partnership with the private sector; human resource development in the form of knowledge and skill development; and institutional capacity development that is appropriate for managing a functioning labour market.

SECTION 6: BUILDING NATIONAL CAPACITY AND SCALING UP SUCCESSES: CHALLENGES AND LESSONS LEARNED IN IMPLEMENTATION OF NATIONAL DEVELOPMENT STRATEGIES

6.1 Challenges

6.1.1 Funding

75. Underfunding is the main challenge of all sectors of the Tanzania economy. About 40% of the government budget (down to 34% in the 2008/9 budget) depends on external development partners. Predictability of aid flows has remained variable for GBS and basket funds and has been most problematic for direct project funds. Much as good progress is being made in stepping up domestic resource mobilization, achieving the IADGs/MDGs will continue to require considerable amounts of DPs support, possibly through more predictable

aid modalities. The improvement in the flow of ODA towards a target of 0.7% of developed country's GNP should remain on the international agenda and progress toward it deserves closer monitoring.

6.1.2 Poverty

76. Progress has been made in poverty reduction but progress in this area needs to be stepped up to combat both the large proportion of the rural poor as well as meet the rising challenges of urban poverty.

6.1.3 Education and Employment

77. Despite the achievements, education is mainly academic and could better link to the changing demands of the labour market. The modest progress that has been made in employment creation especially in addressing youth unemployment is related to low employability of the youth's education and skills in the economy.

6.1.4 Gender Inequality

78. The gender inequality continues to be a major challenge at higher levels of education and in terms of economic empowerment. Maternal health care remains an area of great concern. These challenges will need to be addressed with greater vigour in the coming years.

6.1.5 Child and Maternal Mortality

79. The child and maternal mortality are still high. This is a challenge to the health system as a whole. Challenges of health service delivery, physical infrastructure of health facilities, adequate supply of health equipment and instruments; availability of drugs and inadequate supply of trained human resources in the health sector remain major challenges. These health challenges are compounded by the HIV and AIDS epidemic.

6.1.6 HIV and AIDS

80. The main challenge is to continue to raise the level of knowledge on the pandemic and translating that knowledge into behavioural change. The challenge of stigma and discrimination also deserves special attention.

6.1.7 Environmental Sustainability

81. The environmental sustainability challenges have increased in almost all dimensions due to low general level of education and alternative sources to reduce rural poverty. While the environmental regulations are in place the challenge is in

their enforcement. Capacity building in the area of enforcement deserves greater emphasis.

6.2 Lessons Learned

82. The following lessons learned provide for considerations for addressing the identified future challenges above.

6.2.1 The Synchronization of IADGs/MDGs and MKUKUTA/MKUZA and the Monitoring and Evaluation System

83. Tanzania recently formulated its second generation of poverty reduction strategies – National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA in Swahili acronym) and ZSGRP (or MKUZA). The URT government need to mobilize adequate resources for overall coordination and implementation of the IADGS/MDGs and MKUKUTA/MKUZA.

6.2.2 Good Governance and Accountability

84. The ongoing public sector reform has improved efficiency, quality of administration and accountability of public servants with regard to high quality service delivery and resources. The URT government is committed and hence promoted good governance, democracy and rule of law as reflected in sustained peace, political stability, national unity and social cohesion and anti-poverty measures at both the centrai and local government levels.

85. In addition, national anti-corruption strategy and Action Plan (NACSAP) and mechanisms for empowering communities at the grassroots level have been in place and include initiatives such as Community Health Services Boards (URT, 2007)[2].

6.2.3 Managing Aid Relationships and Mutual Accountability

86. The Tanzania experience with managing aid relationships brings to the table six lessons: (i) the establishment of an independent mechanism has facilitated strengthening of **ownership**; (ii) acquiring greater **policy space** is a process which involves many actors and it takes time; (iii) there is need to balance appropriately the **firmness** on implementing agreed actions and flexibility to be inclusive in terms of bringing more players on board; (iv) **managing for results** can be implemented if an effective monitoring and evaluation system is in place; (v) there is a limit to which one country can successfully manage a whole donor community suggesting that collective action on the part of aid recipient countries

[2] The United Republic of Tanzania, "Millennium Development Goals: Progress Report 2006", Ministry of Planning, Economy and Empowerment, December 2006.

can play an important role in making progress in negotiations over critical points of action; (vi) an **exit strategy** from high levels of dependence should be considered from an early stage even if a country may need higher levels of aid in order to build the domestic capacity for managing with less aid at a future date.

SECTION 7: BUILDING PARTNERSHIPS: ROLE AND SUPPORT OF THE INTERNATIONAL COMMUNITY AND OTHER STAKEHOLDERS

7.1 Development Partners

87. The role of DPs is to collaborate with the government and non-State actors in implementing various IADGs/MDGs interventions. Specifically, the DPs should (i) provide technical support and financial assistance to the implementation of the IADGs/MDGs; (ii) share reports, findings and information; (iii) facilitate capacity building processes.

7.2 Central Government

88. The Central Government of the URT should play a major role in implementation of all the IADGs/MDGs. Specifically, it should (i) develop, coordinate and implement policies, plans and laws, regulations and guidelines to achieve IADGs/MDGs; (ii) ensure availability and flow of funds in the JAST framework; (iii) design and conduct periodic monitoring and thorough evaluation of the IADGs/MDGs implementation by involving all the stakeholders including the LGAs and non-State actors.

7.3 The Non-State Actors and Communities

89. The non-State actors (NSAs) and communities should (i) complement the efforts of URT government in terms of awareness creation and take action on the IADGs/MDGs; (ii) be capacity-built; (iii) become key actors in formulation of implementation strategies, action plans and budget and monitoring and evaluation instruments; (iv) provide for in-kind and cash contributions.

7.4 The Challenges

7.4.1 Scaling Up Efforts

90. The study considers the possibilities and prospects for scaling up efforts to promote the national priorities including the NSGRP, which articulates IADGs/MDGs. The scaled up or additional resources are crucial and hence there is need for supportive environment as reflected in right policy coordination, coherent absorption and spending capacity, and priority areas towards achieving the NSGRP and IADGs/MDGs.

SECTION 8: ENGAGING THE INTERNATIONAL COMMUNITY: FINANCING REQUIREMENTS

8.1 Resources Mobilization

91. The key objective of resource mobilization is to make aid commitments more predictable so that Tanzania can implement its national programmes to achieve the IADGs/MDGs. Given the magnitude of the IADGs/MDGs interventions, the government requires a substantial amount of resources.

92. In terms of public resources, the URT government could seek ways to increase domestic tax and non-tax revenues.

93. With regard to the DPs, the URT government should enhance linkage and collaboration with multilateral institutions and improve and adhere to the principles of JAST as the basic coordination machinery for external resource flows.

8.2 Resources Costing

94. The study suggests that the international financial institutions in Tanzania (such as World Bank and UN System) should work with the URT government to prepare resource costing on the basis of existing expenditure and commitments as well as an estimate of required additional resources and their possible allocation under the international or multilateral commitments.

95. The costing should tally with the set of targeted indicators at each level of the results chain in the IADGs/MDGs interventions.

SECTION 9: CONCLUSIONS AND WAY FORWARD

9.1 Achieved Successes

96. The URT government has achieved significant successes in universal education, gender equality in primary and secondary education and reduction in child mortality. The successes have been attributed to the removal of school fees at primary school level and improved allocation and actual commitment of resources (financial, physical and technical) to the respective sectors.

97. The target year for gender equality was 2005 and was almost achieved by 2006 for primary and secondary level enrolment. It is expected that gender equality in other levels of education will have been achieved by 2015. With regard to the goal of improving representation by women it is encouraging to note the improved representation in Parliament (Mainland), and increased number of women selected to high decision-making posts such as Ministers and Permanent

Secretaries. The achievements are attributed to deliberate effort made to give space to women in the appointments. However, more sustainable gender equality is likely to be achieved when inequality at all levels of education is achieved.

98. Considerable achievement has been made in improving aid relationships as part of the global partnerships. Managing global partnerships the introduction of the Independent Monitoring Group as a mutual accountability mechanisms has helped to make progress in this area.

99. Tanzania is likely to reduce child mortality to the target level. There are notable declines in both infant and under-five mortality rate. The most significant contribution to the reduction of under-five mortality is improved control of malaria, Acute Respiratory Infections (ARIs), diarrhoea; improved personal hygiene, environmental sanitation; and preventive, promotive as well as curative health services. With regard to malaria a more effective drug treatment regime has been introduced. More children (under 5 years of age) increasingly sleep under treated nets, and the private sector and faith organizations have been supportive the provision of health services in the country.

100. Encouraging progress is being made in attaining targets for safe water for drinking and sanitation. Improved network and performance of health facilities and water supply and sanitation infrastructure in the country has contributed to the positive results.

9.2 Modest Progress: Challenging Targets

101. Tanzania is unlikely to achieve MDGs in the areas of poverty and malnutrition, maternal health, improving life in slums, environment and decent employment especially among the youth unless new initiatives are taken to change the current trends. Overall, the reforms have profound effects on the entire economy. Poverty eradication is high in the socio-economic development of Tanzania. Over the last ten years, efforts to eradicate abject poverty regained national and international commitment, rooted in the World Summit for Social Development held in Copenhagen in 1995. Following these renewed international or multilateral commitments, the government has put in place various policies, strategies and programmes geared towards achieving poverty reduction goals related to IADGs/MDGs. In recent years Tanzania has managed to achieve an average growth of about 7% per annum. As an outcome of these efforts, poverty reduction is occurring but it will be necessary to accelerate the rate of growth to 8-10% per annum and to make sure that the achieved growth is shared more broadly in society.

102. Recent initiatives in Tanzania are being directed to achieving a higher and more broadly shared growth through sound economic management, raising

agricultural productivity, enhancing linkages with SMEs and creation of employment.

103. Hunger and malnutrition challenges are been aggravated by the current food price increases in the world market. However this could be an opportunity for Tanzania, being a largely agricultural economy provided adequate supply response in agriculture can be achieved.

104. Combating HIV/AIDS, malaria and related diseases and efforts to attain environmental sustainability will need to be stepped beyond current trends if the targets are to be achieved by 2015.